This Offer and Circular, the Letter of Acceptance and Transmittal and the Notice of Guaranteed Delivery (collectively, the "Offer Documents") are important and require your immediate attention. If you are in any doubt as to how to deal with them, you should consult your investment dealer, stockbroker, accountant, lawyer or other professional advisor. The Offer has not been approved or disapproved by any securities commission or similar authority nor has any securities commission or similar authority passed upon the fairness or merits of the Offer or upon the accuracy or adequacy of the information contained in the Offer Documents. Any representation to the contrary is an offence.

*These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws. Accordingly, the securities may not be offered or sold in the United States (as such term is defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. The Offer Documents do not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States.*

The Offer is not being made or directed to, nor are the Offer Documents being mailed to, nor will deposits be accepted from or on behalf of, Russell Shareholders in any state in the United States or in any other jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such state or other jurisdiction.

June 26, 2015

PREMIER
DIVERSIFIED HOLDINGS INC.

OFFER TO PURCHASE

51% of the outstanding Common shares of

RUSSELL BREWERIES INC.

on the basis of One Premier Share for each 2.5 Russell Shares
(or 0.40 of a Premier Share for one Russell Share; a Deemed Offer Price of $0.08 per Russell Share)

Premier Diversified Holdings Inc. ("**Premier**" or the "**Offeror**") offers to purchase (the "**Offer**"), upon the terms and subject to the conditions set forth in the Offer and the accompanying circular (the "**Circular**") and in the related Letter of Acceptance and Transmittal, up to 51% of the issued and outstanding common shares of Russell Breweries Inc. ("**Russell**" or the "**Target Company**"), including any common shares of Russell that may become issued and outstanding after the date of this Offer but prior to the Expiry Time (as defined below) upon the conversion, exchange or exercise of any Convertible Securities (as defined below) (together, the "**Russell Shares**"), on the basis of one common share of Premier (each a "**Premier Share**") for 2.5 Russell Shares (or 0.40 of a Premier Share for one whole Russell Share) for a Deemed Offer Price of $0.08 for each Russell Share (the "**Offer Price**").

THE OFFER WILL BE OPEN FOR ACCEPTANCE UNTIL 5:00 PM (EDT) ON AUGUST 4, 2015 UNLESS THE OFFER IS WITHDRAWN, VARIED OR EXTENDED.

The currently issued and outstanding Russell Shares are listed for trading on Tier 2 of the TSX Venture Exchange (the "**TSXV**") under the symbol "RB." On June 25, 2015, the last full trading day prior to the announcement of our intention to make the Offer, the closing price of the Russell Shares on the TSXV was $0.06. On June 24, 2015, the closing price of the Russell Shares on the TSXV was $0.055. The VWAP for Russell Shares for the 10 day period ending June 24, 2015 was $0.055.

The Deemed Offer Price has been calculated based on Premier's 10 day VWAP on the Canadian Securities Exchange ("**CSE**") for the period ended June 24, 2015, being $0.20 and on Russell's 10 day VWAP on the TSXV for the period ended June 24, 2015, being $0.055. On June 25, 2015, which was the last trading day prior to our announcement of our intention to make the Offer, the closing price of the Premier Shares was $0.205.

The Offer Price represents a premium of 36.67% over the closing price of the Russell Shares on the TSXV on June 25, 2015, a premium of 45.5% over the closing price of the Russell Shares on the TSXV on June 24, 2015 and a premium of 48.47% over the 10-day volume-weighted average closing price of the Russell Shares as at June 24, 2015.

The Offeror currently holds 14,506,000 Russell Shares, or approximately 16.66% of the issued and outstanding Russell Shares (approximately 15.16% on a fully-diluted basis). The Offeror does not hold any Convertible Securities.

In connection with the Offer, Premier has entered into a lock-up agreement (the "**Lock-Up Agreement**") with certain Russell Shareholders (as defined below) (the "**Locked-Up Parties**") owning approximately 2,000,000 Russell Shares, or approximately 2.29% of the issued and outstanding Russell Shares (approximately 2.09% on a fully-diluted basis), pursuant to which such Locked-Up Parties have agreed to deposit or cause to be deposited their Russell Shares to the Offer. Under the Lock-Up Agreement, the Locked-Up Parties are precluded from tendering or voting any of their Russell Shares in favour of any other acquisition proposal relating to Russell and in certain circumstances are required to vote against other acquisition proposals or actions which might prevent, delay or interfere with the Offer.

Together with the Russell Shares to be acquired pursuant to the Lock-Up Agreement, Premier's current Russell Shareholdings total 18.95% of the issued and outstanding Russell Shares (approximately 17.25% on a fully-diluted basis).

The Offer will commence on the date of this Circular and be open for acceptance until 5:00 p.m. (EDT) on August 4, 2015 (the "Expiry Time"), unless withdrawn, varied or extended by the Offeror.

Subject to applicable law, the Offeror reserves the right to withdraw the Offer and not take up and pay for Russell Shares deposited under the Offer unless each condition of the Offer is satisfied or waived by the Offeror prior to the Expiry Time. The conditions of the Offer are described in the section of the Offer titled "Conditions of the Offer." The Offer is conditional on, among other things, (i) the Lock-Up Agreement has not been terminated in accordance with its terms, (ii) the receipt of all necessary regulatory approvals and third-party consents, (iii) that the Offeror will have determined in its reasonable judgment that there will not have occurred any change (or any condition, event, circumstance or development involving a prospective change) in the business, assets, operations, capitalization, condition (financial or otherwise), prospects, results of operations, cash flows or liability of Russell or its affiliated entities that is or may be materially adverse to Russell or any of its affiliated entities or to the value of the Russell Shares to the Offeror, and (iv) there being no untrue statements or omissions in Russell's public disclosure. The Offeror's obligation to purchase the Russell Shares tendered in the Offer is not subject to any financing condition.

No fractional Premier Shares will be issued pursuant to the Offer and no cash will be paid in lieu thereof. If as a result of the Offer, a Russell Shareholder becomes entitled to a fractional Premier Share, such fraction will be rounded down to the nearest whole number.

Holders of Russell Shares ("**Russell Shareholders**") who wish to accept the Offer should take the following important steps:

(a) **ACCEPT** this Offer by completing and duly executing the accompanying Letter of Acceptance and Transmittal (printed on BLUE paper) in accordance with the instructions set forth therein; and

(b) **DEPOSIT** the completed Letter of Acceptance and Transmittal, together with the certificates representing the Russell Shares being deposited and all other documents required by the Letter of Acceptance and Transmittal, at one of the offices of Computershare Investor Services Inc. (the "**Depositary**") specified in the Letter of Acceptance and Transmittal prior to and in any event not later than the Expiry Time.

Alternatively, Russell Shareholders whose Russell Shares are registered in the name of CDS may accept the Offer by following the procedures for book-entry transfer of Russell Shares set forth under "Acceptance by Book-Entry Transfer" in the Offer.

Russell Shareholders whose certificates for Russell Shares are not immediately available may follow the procedures for guaranteed delivery set forth under "Procedure for Guaranteed Delivery" in the Offer, using the accompanying Notice of Guaranteed Delivery (printed on PINK paper).

Russell Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Russell Shares directly with the Depositary. If a Russell Shareholder owns Russell Shares through a broker or other nominee and such broker or nominee deposits the Russell Shares on the Russell Shareholder's behalf, the broker or nominee may charge a fee for performing this service. See the section titled "Other Matters Relating to the Offer – Depositary" in the Offer.

Investment advisors, stockbrokers, banks, trust companies or other nominees may set deadlines for the deposit of Russell Shares that are earlier than those specified above. Russell Shareholders whose Russell Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact that nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such Russell Shares under the Offer.

The Premier Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 or any state securities laws. Accordingly, the Premier Shares may not be offered or sold in the United States (as such term is defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. The Offer Documents do not constitute an offer or a solicitation of any of the Premier Shares in the United States (as such term is defined in Regulation S under the U.S. Securities Act).This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such Offer or solicitation is unlawful. The Offer is not being made or directed to, nor will deposits be accepted from or on behalf of, Russell Shareholders in any state of the United States or in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as the Offeror may deem necessary to extend the Offer to Russell Shareholders in any such jurisdiction.

By accepting the Offer, you will be deemed to represent that you did not receive or accept the Offer in the United States, and you are not, and are not accepting the Offer on behalf of, a resident of the United States, where "United States" has the meaning ascribed in Regulation S under the U.S. Securities Act.

The Offeror has not authorized anyone to provide any information or make any representation about the Offer or the Offeror or its affiliates that is different from, or in addition to, the information and representations contained in the Offer or in any materials regarding the Offer or the Offeror and its affiliates accompanying this document. Russell Shareholders should not rely on any information or any representations regarding the Offer or the Offeror or its affiliates not contained in the Offer or in the documents accompanying the Offer.

Unless otherwise specifically indicated, the information contained in this document is given as of the date of this document, and the Offeror undertakes no duty to update any such information, except as required by applicable law. Information in the Offer and accompanying circular (the "Circular") relating to Russell has been taken from or is based upon publicly available documents filed with Canadian securities regulators.

Questions and requests for assistance may be directed to the Depositary. Contact details for the Depositary are on the last page of the document. Additional copies of this document, the Letter of Acceptance and Transmittal and the Notice of Guaranteed Delivery may be obtained without charge upon request to the Depositary at its addresses shown on the last page of this document. Copies of this document and related materials may also be accessed at www.sedar.com under Russell's profile.

Russell Shareholders should be aware that, during the Offer, the Offeror and its affiliates or associates may, directly or indirectly, bid for and make purchases of Russell Shares or other securities of Russell as permitted by applicable Laws. See the section of the Offer titled "Market Purchases."

THIS OFFER AND CIRCULAR AND THE RELATED LETTER OF ACCEPTANCE AND TRANSMITTAL AND NOTICE OF GUARANTEED DELIVERY CONTAIN IMPORTANT INFORMATION. RUSSELL SHAREHOLDERS SHOULD CAREFULLY READ THESE DOCUMENTS IN THEIR ENTIRETY BEFORE MAKING A DECISION WITH RESPECT TO THE OFFER.

RUSSELL SHAREHOLDERS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DOCUMENT AS LEGAL, TAX OR FINANCIAL ADVICE AND SHOULD CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS AS TO THE RELEVANT LEGAL, TAX, FINANCIAL OR OTHER MATTERS IN CONNECTION WITH THE OFFER.

NOTICE TO HOLDERS OF CONVERTIBLE SECURITIES

The Offer is being made only for Russell Shares and is not made for any Convertible Securities. Any holder of such Convertible Securities who wishes to accept the Offer must, to the extent permitted by the terms of such Convertible Security and applicable Laws, exercise, exchange or convert such Convertible Securities in accordance with their terms in order to acquire Russell Shares and then deposit such Russell Shares in accordance with the terms of the Offer. Any such exercise, exchange or conversion must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Convertible Securities will acquire the Russell Shares issuable upon such exercise, exchange or conversion in time for deposit prior to the Expiry Time in compliance with the procedures referred to in the Offer under the section titled "Manner of Acceptance."

Russell Shareholders who deposit their Russell Shares under the Offer will not be entitled to any dissent or appraisal rights.

Neither the Canadian nor the United States tax consequences to holders of Convertible Securities of exercising, exchanging or converting any Convertible Securities are described in the Circular. Holders of Convertible Securities should consult their tax advisors for advice with respect to potential income tax consequences to them in connection with the decision of whether to exercise, exchange or convert such Convertible Securities.

CURRENCY

In the Offer and Circular, all references to "$" or "dollars" refer to Canadian dollars.

STATEMENT REGARDING FORWARD-LOOKING INFORMATION

The Offer, the Circular and documents incorporated by reference therein contain forward-looking statements and / or forward-looking information (collectively referred to as "**forward-looking statements**"). All statements other than statements of historical fact contained in such documents are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed acquisitions, budgets, projected costs and plans and objectives of or involving Premier. Forward-looking statements may be identified by looking for words such as "believes", "expects", "will", "intends", "projects", "forecasts", "anticipates", "estimates", "continues" or similar words or the negative thereof. **THERE CAN BE NO ASSURANCE THAT THE PLANS, INTENTIONS OR EXPECTATIONS UPON WHICH THESE FORWARD-LOOKING STATEMENTS ARE BASED WILL OCCUR**.

Forward-looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in the Offer and Circular. Although Premier believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: Premier's lack of history as an Investment Issuer, the liquidity (or lack thereof) of Premier's investments, loss of all or a substantial portion of any of Premier's investments, investment diversification and expenses related to investments, fluctuations in the value of Premier, Premier Shares and the shares of any investee companies, general investment portfolio risks, the impact of general economic conditions, industry conditions, governmental regulation, currency fluctuations, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources, deficiencies associated with due diligence done by Premier on its investee entities, impact on trading price of Premier Shares and relative net asset value, dilution from future equity offerings, decrease in the price of Premier Shares, triggering of change of control provisions to which Russell is bound by the take-over bid, the integration of Russell and Premier may not occur as planned, negative effects on Russell's market and listing of Russell Shares, Russell becoming a majority-owned subsidiary of Premier, conditions to the Offer not being met, issuance of Premier Shares under the Offer resulting in market overhang, risks associated with expansion of Premier's portfolio and operations, enforceability of rights by foreign shareholders, and the risk that actual results will vary from the results forecasted and such variations may be material. These are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of the Offeror's forward-looking statements. Other unknown and unpredictable factors could also impact its results. Many of these risks and uncertainties relate to factors beyond the Offeror's ability to control or estimate precisely. Consequently, results or developments anticipated by the Offeror may not be realized or, even if substantially realized, that they will have the expected consequences for, or effects on, the Offeror, its future results and performance.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in the Offer and Circular are made as of the date of the Offer and Circular and Premier undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

NOTICE REGARDING INFORMATION ABOUT RUSSELL

The information concerning Russell contained in the Offer and Circular has been taken from or is based upon publicly available information filed with Canadian securities regulators and other public sources available at the time of the Offer. Neither the Offeror nor any person acting jointly or in concert with the Offeror, nor any member or manager of the Offeror or such persons, assumes any responsibility for the accuracy or completeness of such information or any failure by Russell to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to the Offeror or such persons. The Offeror has no means of verifying the accuracy or completeness of any of the information contained herein that is derived from the Russell Public Disclosure Record and from Russell's publicly available information or whether there has been any failure by Russell to disclose events or facts that may have occurred or may affect the significance or accuracy of any such information.

No stockbroker, investment dealer or other person (including the Depositary) has been authorized by the Offeror or any person acting jointly or in concert with the Offeror to give any information or make any representations in connection with the Offer and related transactions described in this document other than those contained in this document or in the accompanying Circular, and if any such information is given or made it must not be relied upon as having been authorized by the Offeror or any person acting jointly or in concert with the Offeror.

TABLE OF CONTENTS

SUMMARY INFORMATION – QUESTIONS AND ANSWERS

The following is a summary only and should be read in conjunction with the more detailed information, financial data and statements contained elsewhere in the Offer Documents. Russell Shareholders are urged to read the Offer Documents in their entirety.

What is the Offer?

The Offeror is offering to purchase, on the terms and subject to the conditions set forth herein and in the related Letter of Acceptance and Transmittal (including, if the Offer is varied or extended, the terms and conditions of any variation or extension), up to 51% of all of the issued and outstanding Russell Shares, on the basis of **one Premier Share for 2.5 Russell Shares** (for a Deemed Offer Price of $0.08 for each Russell Share).

The Offer is open for acceptance until, but not later than, 5:00 pm (EDT) on August 4, 2015 unless withdrawn, varied or extended by the Offeror. See the section of the Offer titled "Time for Acceptance."

Russell Shareholders who deposit their Russell Shares under the Offer will not be entitled to any dissent or appraisal rights.

The obligation of the Offeror to take up and pay for Russell Shares pursuant to the Offer is subject to certain conditions. See the section of the Offer titled "Conditions of the Offer."

No fractional Premier Shares will be issued pursuant to the Offer and no cash will be paid in lieu thereof. If as a result of the Offer, a Russell Shareholder becomes entitled to a fractional Premier Share, such fraction will be rounded down to the nearest whole number.

The Offer does not constitute an offer or a solicitation to any person in any jurisdiction in which such Offer or solicitation is unlawful. The Offer is not being made or directed to, nor will deposits be accepted from or on behalf of, Russell Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction, including the United States. However, the Offeror may, in its sole discretion, take such action as the Offeror may deem necessary to extend the Offer to Russell Shareholders in any such jurisdiction.

Who is making the Offer?

The Offeror: Premier Diversified Holdings Inc.

Premier is a British Columbia company which operates in diversified industries and is engaged in the business of investing in and acquiring privately held and publicly traded companies, or the securities and/or assets of such companies. It may act as a holding company (either directly or through a subsidiary) that may be active in the management of investee companies to varying degrees. Information about Premier may be found at www.pdh-inc.com.

Premier's current holdings include operational medical diagnostic clinics which provide medical diagnostic imaging services under the "Premier Diagnostic Health" banner. These clinics are operated through Premier's wholly-owned B.C. and Chinese subsidiaries. Information about Premier's medical diagnostic clinics may be found at www.premierdiagnostics.ca.

Premier also currently holds approximately 32.37% of Sequant Re Holdings Limited, the parent company of Sequant Reinsurance Company Limited ("**Sequant Re**"). Sequant Re is a Bermuda based global reinsurance company. Information about Sequant Re may be found at www.sequantre.com.

Premier has approximately $5,042,759 in unallocated working capital (as at March 31, 2015) available for future investments. Future investments may be subject to CSE approval and will be carried out in accordance with Premier's Investment Policy, which is available at www.sedar.com under Premier's profile.

The Premier Shares are listed and posted for trading on the CSE under the symbol "PDH." Premier is a reporting issuer or the equivalent in the Provinces of British Columbia, Alberta, Manitoba and Ontario and files continuous disclosure documents with the Securities Regulatory Authorities in such provinces. Such documents are available on SEDAR at www.sedar.com.

The Target: Russell Breweries Inc.

Russell is a British Columbia company with its head office located in Surrey, British Columbia. Russell produces beer primarily for sale to provincial liquor distribution organizations and entities engaged in the food and beverage industries within Canada.

Russell, through its wholly-owned subsidiaries, B.C. and Manitoba subsidiaries, operates two craft breweries producing beers for pubs, restaurants and liquor stores.

Russell's shares are traded on the TSXV under the symbol "RB." Russell is a reporting issuer or the equivalent in the Provinces of British Columbia, Alberta, Manitoba and Ontario and files continuous disclosure documents with the Securities Regulatory Authorities in such provinces. Such documents are available on SEDAR at www.sedar.com.

Why does Premier want to acquire 51% of Russell?

In the opinion of Premier's Board and management, Russell is a desirable target because:

- Russell is an operating business with strong revenues and operating cash flows;
- The craft brewery industry is one of the few areas of the beverage business growing market share on an annual basis;
- With support from Premier, Russell may be positioned to take advantage of consolidation opportunities in the craft beer industry;
- Premier brings significant financial assets and expertise to Russell and can provide managerial and financial support to Russell as needed;
- A combined Premier and Russell entity would benefit both companies with the resulting vehicle having strong revenues, operating cash flow and substantial long-term working capital; and
- A share based tender is a more tax-efficient transaction for both Premier and Russell shareholders than a tender involving cash payments.

Why Should I Accept the Offer?

Russell Shareholders should consider the following factors, which the Offeror considers to be relevant, in making their decision to accept the Offer:

Significant Premium to Russell's Market Price

The Offer Price represents a premium of approximately:

- 36.67% over the closing price of the Russell Shares on the TSXV on June 25, 2015;
- 45.5% over the closing price of the Russell Shares on the TSXV on June 24, 2015;
- 48.47% over the 10-day volume-weighted average closing price of the Russell Shares as at June 24, 2015.

The currently issued and outstanding Russell Shares are listed for trading on Tier 2 of the TSX Venture Exchange (the "**TSXV**") under the symbol "RB." On June 25, 2015, the last full trading day prior to the announcement of our intention to make the Offer, the closing price of the Russell Shares on the TSXV was

$0.06. On June 24, 2015, the closing price of the Russell Shares on the TSXV was $0.055. The VWAP for Russell Shares for the 10 day period ending June 24, 2015 was $0.055.

The Deemed Offer Price has been calculated based on Premier's 10 day VWAP on the Canadian Securities Exchange ("**CSE**") for the period ended June 24, 2015, being $0.20 and on Russell's 10 day VWAP on the TSXV for the period ended June 24, 2015, being $0.055. On June 25, 2015, which was the last trading day prior to our announcement of our intention to make the Offer, the closing price of the Premier Shares was $0.205.

The Offer Price has been calculated based on Premier's closing share price on the CSE on June 25, 2015, which was the last trading day prior to Premier's announcement of its intention to make the Offer.

Ongoing Participation in all of Premier's Holdings

As Russell Shareholders will receive Premier Shares under the Offer, they will directly and indirectly benefit from ongoing participation in Premier's various investments, holdings and the active businesses operated through Premier's subsidiaries – thus not just participating in Russell, but having the benefit of having indirect interests in all of Premier's investee entities across diversified industries. As Premier's business model is to participate in a diversified range of businesses, its shareholders benefit from indirectly holding an interest in a wide range of industries. Premier deploys its capital in a wide range of industries and investments with a view to maximizing shareholder value.

Enhanced Liquidity

The purchase price offered for the Russell Shares will be paid in Premier Shares. Premier's Shares provide Russell Shareholders with enhanced liquidity at a significant premium to unaffected trading prices, as well as the opportunity to dispose of their Russell Shares free of broker commissions and fees. Currently, Premier Shares trade at a higher daily volume than Russell Shares.

Premier's Dedicated Results-Oriented Management Team

As Russell Shareholders will receive Premier Shares under the Offer, they will directly and indirectly benefit from Premier's decentralized approach to management of its investee companies. Premier's management team is interested in acquiring whole businesses for the long term and in maximizing the potential value of such businesses through providing capital and managerial assistance as needed.

Upon acquisition of 51% of the Russell Shares, Premier intends to review all of Russell's assets, liabilities, commitments and expenditures to ensure that costs and activities are being conducted in the most efficient and responsible manner. Once Premier acquires a target company, it intends to replace any members of the target's management who are not performing optimally with new management that is focussed on shareholder interests.

Premier's management is aggressively pursuing expansion and is continuously examining various acquisition opportunities. The appointments of Premier's current management team were completed in September 2014. Since that time, the Premier management team has accomplished the following:

- Raised over $8M in equity financing without payment of any broker fees, finder's fees or commissions;
- Decentralized operations, with only four employees at the corporate head office thereby reducing overhead, operating costs and compensation;
- Significantly reduced corporate debt and legacy liabilities;
- Relaunched and reopened Premier's B.C. medical diagnostic clinic, restored the clinic's operations from significant losses to breakeven levels and expanded services offered with a blood clinic;

- Appointed a new General Manager for its Asian operations and initiated expansion of its Asian business with incorporation of a new Hong Kong subsidiary;
- Continued generation of cash flow with net profits from its Beijing MRI clinic; and
- Invested and assisted in the launch of a new reinsurance business based in Bermuda.

Premier's management team believes it can make a similar positive impact on Russell's business. The team's philosophy is that a successful company should be self-financing and should not be reliant on the whims of public markets or financial institutions. Premier's intent is that all of its subsidiaries and investee entities are self-sufficient and generate positive cash flow to finance their own expansion. To the extent that Premier has control over compensation of subsidiary and investee management, it implements a compensation scheme whereby management is compensated based on its ability to generate positive cash flow. Refer to the section in Schedule A titled "Executive Compensation" for more information on Premier's approach. Above all, Premier's management believes that executive compensation incentives should be aligned closely with shareholder interests.

Strengthened Balance Sheet to Support Growth Strategies

As Russell Shareholders will receive Premier Shares under the Offer, they will be provided with exposure to a combined entity with a stronger balance sheet and with enhanced flexibility to support growth strategies.

If Premier acquires 51% of Russell, what are its plans for Russell?

The purpose of the Offer is to enable the Offeror to acquire beneficial ownership of 51% of the Russell Shares while complying with applicable Laws. The effect of the Offer is to give Russell Shareholders the opportunity to receive 0.40 of a Premier Share for each Russell Share (for a Deemed Offer Price of $0.08 for each Russell Share), rounded down to the nearest whole Premier Share. The purpose of the Offer is also to create a combined entity with significant revenues and operating cash flows, with good working capital for long-term planning and growth.

Upon the successful completion of the Offer, it is **not** the Offeror's intention to significantly alter Russell's existing business, but to create more opportunities for growth, and support long-term plans for consolidating the craft brewery industry. If the Offer is completed, Premier intends to provide Russell with:

- Additional funds, as needed for further expansion of Russell's business.
- Expertise to raise capital at relatively low cost to Russell.
- Assistance in replacing Russell's existing high-cost debt with lower cost debt, reducing financing costs for Russell.
- Management support by retaining those members of management and Board that are performing well and replacing those that aren't.
- Increased disclosure, in particular around compensation and related party transactions.
- Alignment of compensation of executives for long-term success, as required.

Premier believes that it is in the best long-term interests of Russell and its shareholders for Russell to have substantial working capital for growth and future consolidation within the craft brewery industry. There can be no assurance as to whether Russell, with or without the assistance of Premier, will be able to successfully advance growth and consolidation of the craft brewery industry.

The Offeror does **not** intend to complete a second step transaction to acquire all the outstanding Russell Shares at this time. See "Purpose of the Offer and Premier's Plans for Russell" in the Circular.

Have other Russell Shareholders committed to tendering their Russell Shares to the Offer?

Yes. In connection with the Offer, Premier has entered into the Lock-Up Agreement with the Locked-Up Parties owning 2,000,000 Russell Shares, or approximately 2.29% of the issued and outstanding Russell Shares, pursuant to which such Locked-Up Parties have agreed to deposit or cause to be deposited their Russell Shares to the Offer. Under the Lock-Up Agreement, the Locked-Up Parties are precluded from tendering or voting any of their Russell Shares in favour of any other acquisition proposal relating to Russell and in certain circumstances are required to vote against other acquisition proposals or actions which might prevent, delay or interfere with the Offer. See the section of the Circular titled "Commitments to Acquire Securities of Russell".

Premier currently holds 14,506,000 Russell Shares, or approximately 16.66% of the issued and outstanding Russell Shares (approximately 15.16% on a fully-diluted basis).

As Russell Shares are tendered under the Offer, Premier intends to make periodic announcements via news releases updating the status of the Offer.

What are the most significant conditions to the Offer?

The Offer is not subject to any financing conditions. The Offer is subject to certain other conditions, described in the section of the Offer, titled "Conditions of the Offer". The most significant conditions are:

- the Lock-Up Agreement has not been terminated;
- all necessary regulatory approvals and third-party consents will have been received, or if applicable, waived;
- there will not be, or will not have occurred any Material Adverse Affect in respect to Russell; and
- there will not be any untrue statements or omissions in Russell's public disclosure.

Subject to applicable law, the Offeror reserves the right to withdraw the Offer and not take up and pay for Russell Shares deposited under the Offer unless each condition of the Offer is satisfied or waived by the Offeror prior to the Expiry Time.

How long do I have to decide whether to deposit my Russell Shares under the Offer?

The Offer is open for acceptance commencing on the date hereof until the Expiry Time, unless withdrawn, varied or extended by the Offeror. The Expiry Time is currently 5:00 p.m. (EDT) on August 4, 2015. The Offer may be extended by the Offeror to such later time(s) and date(s) as may be fixed by the Offeror from time to time pursuant to the section of the Offer titled "Extension, Variation or Change in the Offer."

Beneficial Russell Shareholders whose Russell Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should contact such person well in advance of the Expiry Time. Such entities may have tendering cut-off times which are earlier than the Expiry Time.

See the section of the Offer titled "Time for Acceptance."

How do is deposit my Russell Shares under the Offer?

Russell Shareholders who wish to accept the Offer should ACCEPT this Offer by completing and duly executing the accompanying Letter of Acceptance and Transmittal (printed on BLUE paper) in accordance with the instructions set forth therein and depositing the completed Letter of Acceptance and Transmittal, together with the certificate(s) representing the Russell Shares being deposited and all other documents required by the Letter of Acceptance and Transmittal, at one of the offices of the Depositary specified in the Letter of Acceptance and Transmittal prior to and in any event not later than the Expiry Time. See "Manner of Acceptance" in the Offer.

Alternatively, Russell Shareholders whose Russell Shares are registered in the name of CDS may accept the Offer by following the procedures for book-entry transfer of Russell Shares set forth under the section titled "Acceptance by Book-Entry Transfer".

Russell Shareholders whose certificates for Russell Shares are not immediately available may follow the procedures for guaranteed delivery set forth under the section of the Offer titled "Procedure for Guaranteed Delivery" in the Offer, using the accompanying Notice of Guaranteed Delivery (printed on PINK paper).

I hold Convertible Securities of Russell, can I tender those to the Offer?

No, the Offer is not being made for Convertible Securities. The Offer is being made only for Russell Shares. Any holder of such Convertible Securities who wishes to accept the Offer must, to the extent permitted by the terms of such Convertible Security and applicable Laws, exercise, exchange or convert such Convertible Securities in accordance with their terms in order to acquire Russell Shares and then deposit such Russell Shares in accordance with the terms of the Offer. Any such exercise, exchange or conversion must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Convertible Securities will acquire the Russell Shares issuable upon such exercise, exchange or conversion in time for deposit prior to the Expiry Time in compliance with the procedures referred to in the section of the Offer titled "Manner of Acceptance."

Neither the Canadian nor the United States tax consequences to holders of Convertible Securities of exercising, exchanging or converting any Convertible Securities are described in the Offer Documents. Holders of Convertible Securities should consult their tax advisors for advice with respect to potential income tax consequences to them in connection with the decision of whether to exercise, exchange or convert such Convertible Securities.

Do I have to pay any fees or commissions to accept the Offer?

No, Russell Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Russell Shares directly with the Depositary. If a Russell Shareholder owns Russell Shares through a broker or other nominee and such broker or nominee deposits the Russell Shares on the Russell Shareholder's behalf, the broker or nominee may charge a fee for performing this service. Such fees are entirely outside of Premier's control.

Investment advisors, stockbrokers, banks, trust companies or other nominees may set deadlines for the deposit of Russell Shares that are earlier than those specified above. Russell Shareholders whose Russell Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact that nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such Russell Shares under the Offer.

When will I receive my Premier Shares in exchange for my tendered Russell Shares?

You will receive your Premier Shares as soon as possible after Premier takes up Russell Shares tendered to the Offer, and in any event not later than three business days after they are taken up. Any Russell Shares deposited pursuant to the Offer after the first date on which Russell Shares have been taken up and paid for by the Offeror must be taken up and paid for within 10 days of such deposit. See the section of the Offer titled "Take Up of and Payment for Deposited Securities." The foregoing applies only if all conditions referred to in "Conditions of the Offer", have been satisfied or, where permitted, waived by the Offeror prior to and in any event not later than the Expiry Time, in which case the Offeror will be obligated to take up and pay for Russell Shares duly and validly deposited pursuant to the Offer and not validly withdrawn in accordance with the terms of the Offer within 10 days after the Expiry Time.

If I change my mind, can I withdraw the Russell Shares I deposited to the Offer?

Yes, but only in limited circumstances. Unless otherwise required or permitted by Law, any Russell Shares deposited in acceptance of the Offer may, subject to the terms of the Lock-Up Agreement in the case of the Locked-Up Parties, be withdrawn on behalf of the depositing Russell Shareholder at any time before the Russell Shares have been taken up by the Offeror pursuant to the Offer and in the other circumstances discussed in "Right to Withdraw Deposited Shares."

Except as otherwise provided in "Right to Withdraw Deposited Shares," all deposits of Russell Shares pursuant to the Offer are irrevocable.

What effect will the Offer have on the market for Russell Shares and its status as a Reporting Issuer?

Depending on the number of Russell Shares purchased under the Offer, it is possible that Russell would fail to meet the criteria for continued listing on the TSXV. If this were to happen, the Russell Shares could be delisted and this could, in turn, adversely affect the market or result in a lack of an established market for such Russell Shares.

The Offeror does not intend to cause Russell to voluntarily delist the Russell Shares from the TSXV, or to cause Russell to cease to be a reporting issuer in each province in Canada in which it has such status. See "Certain Effects of the Offer" in the Circular, below.

Are there any risks associated with acquiring the Premier Shares?

Yes. As with any investment, there are associated risks in an investment in Premier Shares, and the combination of Premier and Russell is also subject to certain risks and uncertainties. In assessing the Offer, Russell Shareholders should carefully consider the risks and uncertainties identified in the section of Schedule A titled, "Risk Factors" and the risks described in the documents that Premier has filed with the Securities Regulatory Authorities. See "Risk Factors". **This section should be reviewed carefully in its entirety prior to making a decision to deposit Russell Shares under the Offer.**

Where can I find more information about Premier?

General Information

Russell Shareholders should refer to Schedule A to the Offer and Circular in its entirely for detailed information regarding Premier. You can also see Premier's publicly filed documents on www.sedar.com visit its website at www.pdh-inc.com.

Financial Information

Financial statements for Premier's three most recently completed financial years and most recently completed interim period are attached to the Circular in Schedules F to I. Annual financial statements are audited, and the interim financial statements for the period ended March 31, 2015 have been reviewed by Premier's auditors.

Management's discussion and analysis for Premier's two most recently completed financial years and most recently completed interim period are attached to the Circular in Schedules C to E.

You should also refer to Schedule J for auditor reviewed pro forma consolidated balance sheet as at March 31, 2015 and consolidated statements of earnings of Premier for the year ended September 30, 2014 and six months ended March 31, 2015, giving effect to the proposed acquisition of 51% of the issued and outstanding Russell Shares. Such pro forma financial statements have been prepared using certain of Premier's and Russell's respective financial statements as more particularly described in the notes to the pro forma financial statements. Premier has not had access to any non-public books and records of Russell, has relied entirely on Russell's Public Disclosure Record and is not in a position to independently assess or verify the information in Russell's publicly filed documents that were used to prepare the pro forma financial statements.

Such pro forma financial statements are not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded upon consummation of the transactions contemplated by the Offer will differ from such pro forma financial statements. Any potential synergies that may be realized after consummation of the transaction have been excluded from such pro forma financial statements. Since the pro forma financial statements have been developed to retroactively show the effect of a transaction that is expected to occur at a later date (even though this was accomplished by following generally accepted practice and using reasonable assumptions), there are limitations inherent in the very nature of pro forma data. Also, Premier has not had an opportunity to meet with Russell's independent auditors to discuss Russell's audited or auditor-reviewed financial statements upon which the pro forma financial statements are based. Furthermore, Premier has not obtained the consent of Russell's independent auditors as to the use of their audit report in respect of the Russell audited financial statements upon which the pro forma financial statements are partially derived.

The data contained in the pro forma financial statements represents only a simulation of the potential impact of the Offeror's acquisition of Russell. **Russell Shareholders are cautioned to not place undue reliance on such pro forma financial statements**.

Are there any Canadian Federal income tax considerations?

RUSSELL SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO THEM OF A SALE OF RUSSELL SHARES PURSUANT TO THE OFFER.

Who should I contact if I have questions about accepting the Offer?

Computershare Investor Services Inc. has been retained as the Depositary for the Offer. The Depositary may contact Russell Shareholders by mail, telephone, telecopy, other electronic communication and personal interview and may request banks, brokers, dealers and other nominees to forward materials relating to the Offer to beneficial owners of Russell Shares. See "Other Matters Relating to the Offer — Depositary".

Questions and requests for assistance may be directed to the Depositary:

By Mail:	**By Registered Mail, Hand or Courier:**
PO Box 7021 31 Adelaide Street East Toronto, Ontario M5C 3H2 Attn: Corporate Actions	100 University Avenue 8th Floor Toronto, Ontario M5J 2Y1 Attn: Corporate Actions

Toll Free (North America): 1.800.564.6253
Overseas: 1.514.982.7555
Email: corporateactions@computershare.com

Contact details for the Depositary are also on the last page of this document.

GLOSSARY OF TERMS

In this Circular, unless the context otherwise requires, the following words and terms will have the identical meanings and grammatical variations of such words and terms will have corresponding meanings:

"**Annual Audited Financial Statements**" means the audited consolidated financial statements of Premier for the years ended September 30, 2014, 2013 and 2012 which are attached as, respectively, Schedule G, H and I to the Circular, and copies of which audited financial statements are filed on SEDAR at www.sedar.com. The Annual Audited Financial Statements were audited by Premier's former auditor, A.Chan and Company LLP, Chartered Accountants;

"**Applicable Laws**" means all applicable laws (including common law), rules, rulings, regulations, orders, ordinances, notices, injunctions, decrees, treaties, statutes and judgements and any enforceable requirements of any Regulatory Authority, all as in force at the date of this Circular;

"**Auditor**" means Premier's auditor, Davidson and Company LLP, Chartered Accountants;

"**BCBCA**" means the *Business Corporations Act* (British Columbia) S.B.C. 2002 c.57, as amended;

"**Board**" means the board of directors of Premier;

"**Book-Entry Confirmation**" means confirmation of a book-entry transfer of a Russell Shareholder's Russell Shares into the Depositary's account at CDS;

"**CDS**" means CDS & Co., the nominee of CDS Clearing and Depositary Services Inc., or such other nominee of CDS Clearing and Depositary Services Inc.;

"**CDSX**" means the CDS on-line tendering system pursuant to which book-entry transfers may be effected;

"**CEO**" means each individual who served as chief executive officer of Premier, or acted in a similar capacity, for any part of the most recently completed financial year;

"**CFO**" means each individual who served as chief financial officer of Premier, or acted in a similar capacity, for any part of the most recently completed financial year;

"**CG Committee**" means the Corporate Governance Committee of Premier;

"**CMCC**" means Corner Market Capital Corp., a private B.C. company which indirectly holds 51,137,535 Premier Shares, approximately 37.53% of the outstanding Premier Shares on an undiluted basis, and is one of the Locked-up Parties;

"**CMMI**" means Corner Market Management Inc., a private B.C. company which is 100% owned by CMCC and which is the general partner of MPIC Canadian Limited Partnership, which is the registered holder of 5,440,288 Premier Shares, and is one of the Locked-up Parties;

"**CMC US**" means Corner Market Capital U.S. Inc., a private Delaware company which is 65% owned by CMCC and which is the general partner of MPIC Fund 1, LP, which is the registered holder of 45,697,247 Premier Shares;

"**Company Performance Targets**" has the meaning assigned to it in the section titled "Determination of the Amount of Each Element of the Executive Compensation Program;"

"**Consulting Agreement**" means the consulting agreement dated July 31, 2014 among Gang Yang, Premier, PDHK and Beijing Premier International Medical Equipment and Technology Services Company Ltd. for certain consulting services, as amended October 1, 2014;

"**Convertible Debentures**" means the 8% convertible debentures of Premier currently outstanding in the aggregate principal amount of $418,000 which mature on July 31, 2016 and are convertible into Premier Shares at $0.18 per Premier Share;

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

"**CSE Policies**" means, collectively the rules, regulations and policies of the CSE;

"**Deemed Offer Price**" means the price of $0.08 per Russell Share, as calculated based on the 10 day volume weighted average closing price of Russell Shares on the TSXV for the period ended June 24, 2015 and the 10 day volume weighted average closing price of Premier Shares on the CSE for the period ended June 24, 2015;

"**Deposited Shares**" has the meaning given to it in the section of the Offer titled ""Manner of Acceptance – Dividends and Distributions";

"**Disclosed**" means disclosed in the Russell Public Disclosure Record;

"**Distributions**" has the meaning given to it in the section of the Offer titled "Manner of Acceptance – Dividends and Distributions";

"**EBITDA**" means a company's earnings before interest, taxes, depreciation and amortization;

"**Effective Time**" has the meaning given to it the section of the Offer titled "Manner of Acceptance - Power of Attorney";

"**Eligible Institution**" means a Canadian Schedule I chartered bank or an eligible guarantor institution with membership in an approved Medallion signature guarantee program, including certain trust companies in Canada, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange, Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority, Inc. or banks or trust companies in Canada or the United States;

"**Expiry Date**" means August 4, 2015, or any subsequent date set out in any notice of the Offeror as provided in the section of the Offer titled "Extension, Variation or Change in the Offer"; provided that, if such day is not a business day, then the Expiry Date will be the next business day;

"**Expiry Time**" means 5:00 p.m. (EDT) on the Expiry Date or such other time as may be set out in any notice of the Offeror as provided in the section of the Offer titled "Extension, Variation or Change in the Offer;"

"**Functional Area Performance Targets**" has the meaning assigned to it in the section titled "Determination of the Amount of Each Element of the Executive Compensation Program;"

"**Governmental Entity**" means (i) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (ii) any subdivision, agent, commission, board or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board;

"**Individual Performance Targets**" has the meaning assigned to it in the section titled "Determination of the Amount of Each Element of the Executive Compensation Program;"

"**Interim Unaudited Financial Statements**" means the unaudited consolidated financial statements of Premier for the period ended March 31, 2015 which are attached as Schedule F to the Circular, and copies of which audited financial statements are filed on SEDAR at www.sedar.com;

"**Intermediaries**" means parties such as stockbrokers, securities dealers, banks, trust companies, trustees and their agents and nominees holding Russell Shares;

"**Investment Issuer**" means a company engaged in the business of investing in and acquiring privately held and publicly traded companies, or the securities and/or assets of such companies, and which may act as a holding company (either directly or through a subsidiary) that may be active in the management of investee companies and meets the listing requirements of an "investment company" on the CSE or such other listing category as determined by the CSE;

"**Investment Policy**" means the policy adopted by the Premier Board in respect of the Company's investments, as amended from time to time, and which is available on www.sedar.com;

"**Law**" or "**Laws**" means all laws, by-laws, rules, regulations, orders, rulings, ordinances, protocols, codes, published guidelines, published policies, notices, directions and judgments or other requirements of any Governmental Entity, in each case having the force of law, including applicable securities laws and the rules and regulations of the TSXV and the CSE, as applicable;

"**Letter of Acceptance and Transmittal**" means the letter of acceptance and transmittal in the form (printed on BLUE paper) accompanying the Offer and Circular;

"**Lock-Up Agreement**" means the lock-up agreement dated June 26, 2015 entered into between Premier, on the one hand, and each of the Locked-Up Parties, on the other hand;

"**Locked-Up Parties**" means, collectively, the Russell Shareholders who have executed the Lock-Up Agreements and who have been identified in the Lock-Up Agreements filed on SEDAR at www.sedar.com, and "**Locked-Up Party**" means any one of them;

"**Material Adverse Effect**" means any change, effect, event, occurrence or state of facts that, individually or in the aggregate, with all other such changes, effects, events, or occurrences or state of facts, that is or would reasonably be expected to be material and adverse to the financial condition, business, results of operations, assets or liabilities of such person taken as a whole;

"**NEO**" or "**named executive officer**", means each of the following individuals: (i) a CEO, (ii) a CFO; (iii) each of the three most highly compensated executive officers of Premier (including any of its subsidiaries), or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 for that financial year (as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation*; and (iv) each individual who would be an NEO under (iii) above but for the fact that the individual was neither an executive officer of the Company (or its subsidiaries), nor acting in a similar capacity, at the end of that financial year;

"**MI 61-101**" means Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transaction, as amended from time to time;

"**non-executive directors**" means as at the end of the most recently completed financial year, the directors of Premier who were not NEOs;

"**NP 62-103**" means National Policy 62-103 *Take Over Bids and Issuer Bids* adopted by the Canadian Securities Administrators;

"**Offer**" means the offer by the Offeror to purchase the Russell Shares made hereby to the Russell Shareholders pursuant to the terms and subject to the conditions set out herein;

"**Offer Documents**" means, collectively, the Offer, the Circular and all Schedules thereto, the Letter of Acceptance and Transmittal and the Notice of Guaranteed Delivery, as amended from time to time;

"**Offer Price**" means one Premier Share for each 2.5 Russell Shares, being the consideration payable under the Offer for each Russell Share;

"**PDC Vancouver**" means Premier Diagnostic Center (Vancouver) Inc., a company formed under the laws of British Columbia and a wholly-owned subsidiary of Premier;

"**PDHK**" means Premier Diagnostics (Hong Kong) Limited, a company constituted under the laws of Hong Kong, China and wholly-owned by Premier;

"Person" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"**Premier**" or the "**Offeror**" means Premier Diversified Holdings Inc., a corporation amalgamated pursuant to the BCBCA;

"**Purchased Shares**" has the meaning given to it in the section of the Offer titled "Manner of Acceptance - Power of Attorney";

"**PIHK**" means Premier Investment (Hong Kong) Ltd., a company constituted under the laws of Hong Kong, China and wholly-owned by Premier;

"**Premier Share**" means a common share in the capital of Premier;

"**Registrar**" means the Registrar of Companies duly appointed under the BCBCA;

"**Regulatory Authority**" means any domestic or foreign government, including any federal, provincial, state or territorial or municipal government, and any government agency, tribunal, commission or other authority exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government including, without limitation, Securities Commissions, the CSE or other securities regulatory authorities, whether a self-regulation body or otherwise;

"**Regulatory Approvals**" means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities as are necessary or desirable in the judgment of the Offeror for the consummation of the transactions contemplated herein;

"**Russell Board**" means the board of directors of Russell;

"**Russell Public Disclosure Record**" means all Russell documents filed on SEDAR;

"**Russell**" means Russell Breweries Inc.

"**Russell Shares**" means, collectively, common shares in the capital of Russell, and including any common shares that may become issued and outstanding after the date of this Offer but prior to the Expiry Time upon the conversion, exchange or exercise of any Convertible Securities;

"**Securities Act**" means the *Securities Act (British Columbia)* and the rules and regulations made thereunder, and published policies in respect thereof, as now in effect and as they may be promulgated, published or amended from time to time;

"**Securities Laws**" means the Securities Act and all other applicable Canadian provincial and territorial securities laws, rules, instruments and regulations made thereunder, and published policies in respect thereof, as now in effect and as they may be promulgated, published or amended from time to time;

"**Securities Commissions**" means the British Columbia Securities Commission, the Alberta Securities Commission, the Manitoba Securities Commission and the Ontario Securities Commission;

"**Securities Regulatory Authority**" means all applicable securities regulatory authorities, including (i) the provincial securities regulatory authorities in the provinces of Canada in which Russell is a reporting issuer (or the equivalent), and (ii) applicable stock exchanges (including the TSXV and the CSE);

"**SEDAR**" means the System for Electronic Analysis and Retrieval which can be accessed through the Internet at the website www.sedar.com;

"**Sequant Re**" means Sequant Reinsurance Company Limited, SRHL's wholly owned subsidiary;

"**SRHL**" means Sequant Re Holdings Limited, a Bermuda company of which Premier holds approximately 32.37% of the outstanding common shares;

"**Stock Option Plan**" means the stock option plan of Premier, as may be amended from time to time with the approval of (as applicable) the Premier Board, Premier Shareholders and/or the CSE;

"**Stock Options**" means at any time the stock options to purchase Premier Shares granted pursuant to the Stock Option Plan which are at that time outstanding and unexercised whether or not vested;

"**Subsidiary Shares**" means the Series A Class A Preferred Shares issued by PDC Vancouver, each of which is convertible into 20 Premier Shares, none of which are currently outstanding;

"**Transfer Agent**" means Premier's registrar and transfer agent for Shares, Computershare Investor Services Inc.;

"**TSXV**" means the TSX Venture Exchange; and

"**VWAP**" means volume weighted average price.

OFFER TO PURCHASE

The accompanying Circular, Letter of Acceptance and Transmittal (printed on BLUE paper) and Notice of Guaranteed Delivery (printed on PINK paper), which are incorporated into and form part of the Offer, contain important information that should be read carefully before making a decision with respect to the Offer. Unless the context otherwise requires, terms used but not defined in the Offer have the respective meanings given to them in the accompanying Glossary.

June 26, 2015

TO: THE HOLDERS OF RUSSELL SHARES

The Offer

The Offeror is offering to purchase, on the terms and subject to the conditions specified set forth herein and in the related Letter of Acceptance and Transmittal (including, if the Offer is varied or extended, the terms and conditions of any variation or extension), (i) 51% of the issued and outstanding Russell Shares, on the basis of 0.40 of a Premier Share for each Russell Share (for a Deemed Offer Price of $0.08 for each Russell Share).

The Offer is open for acceptance until, but not later than, the Expiry Time unless withdrawn, varied or extended by the Offeror. See the section of this Offer, titled "Time for Acceptance," below.

The Offer is being made only for Russell Shares and is not made for any other Convertible Securities. Any holder of such Convertible Securities who wishes to accept the Offer must, to the extent permitted by the terms of such Convertible Security and applicable Laws, exercise, exchange or convert such Convertible Securities in accordance with their terms in order to acquire Russell Shares and then deposit such Russell Shares in accordance with the terms of the Offer. Any such exercise, exchange or conversion must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Convertible Securities will acquire the Russell Shares issuable upon such exercise, exchange or conversion in time for deposit prior to the Expiry Time in compliance with the procedures referred to in the section of this Offer, titled "Manner of Acceptance," below.

Russell Shareholders who deposit their Russell Shares under the Offer will not be entitled to any dissent or appraisal rights.

The obligation of the Offeror to take up and pay for Russell Shares pursuant to the Offer is subject to certain conditions. See the section of this Offer titled "Conditions of the Offer," below.

No fractional Premier Shares will be issued pursuant to the Offer and no cash will be paid in lieu thereof. If as a result of the Offer, a Russell Shareholders becomes entitled to a fractional Premier Share, such fraction will be rounded down to the nearest whole number.

Russell Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Russell Shares directly with the Depositary. If a Russell Shareholders owns Russell Shares through a broker or other nominee and such broker or nominee deposits the Russell Shares on the Russell Shareholder's behalf, the broker or nominee may charge a fee for performing this service. See the section of the Circular titled "**Other Matters Relating to the Offer – Depositary**," below.

Investment advisors, stockbrokers, banks, trust companies or other nominees may set deadlines for the deposit of Russell Shares that are earlier than those specified above. Russell Shareholders whose Russell Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact that nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such Russell Shares under the Offer.

The Offer does not constitute an offer or a solicitation to any person in any jurisdiction in which such Offer or solicitation is unlawful. The Offer is not being made or directed to, nor will deposits be

accepted from or on behalf of, Russell Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction, including the United States. However, the Offeror may, in its sole discretion, take such action as the Offeror may deem necessary to extend the Offer to Russell Shareholders in any such jurisdiction.

By accepting the Offer, you will be deemed to represent that you did not receive or accept the Offer in the United States, and you are not, and are not accepting the Offer on behalf of, a resident of the United States, where "United States" has the meaning ascribed in Regulation S under the U.S. Securities Act.

Time for Acceptance

The Offer is open for acceptance commencing on the date of this Circular until the Expiry Time, unless withdrawn, varied or extended by the Offeror. The Expiry Time is currently 5:00 p.m. (EDT) on August 4, 2015. The Offer may be extended by the Offeror to such later time(s) and date(s) as may be fixed by the Offeror from time to time pursuant to the section of this Offer titled "Extension, Variation or Change in the Offer," below.

Manner of Acceptance

Letter of Acceptance and Transmittal

The Offer may be accepted by Russell Shareholders by depositing the following documents with the Depositary at one of the offices of the Depositary specified in the Letter of Acceptance and Transmittal no later than the Expiry Time:

(a) the certificate(s) representing the Russell Shares in respect of which the Offer is being accepted;

(b) the Letter of Acceptance and Transmittal (or a manually signed facsimile thereof) properly completed and duly signed, with the signature(s) guaranteed in accordance with the instructions set out in the Letter of Acceptance and Transmittal; and

(c) any other relevant document required by the instructions set forth in the Letter of Acceptance and Transmittal.

The Offer will be deemed to be accepted only if the Depositary has actually received these documents prior to and in any event not later than the Expiry Time at one of the offices of the Depositary specified in the Letter of Acceptance and Transmittal. Alternatively, Russell Shares may be deposited in compliance with the procedures set forth below for guaranteed delivery under the section titled "Procedure for Guaranteed Delivery," below or in compliance with the procedures for book-entry transfer set out under the section titled "Acceptance by Book-Entry Transfer," below.

Except as otherwise provided in the instructions and rules set out in the Letter of Acceptance and Transmittal, the signature(s) on the Letter of Acceptance and Transmittal must be guaranteed by an Eligible Institution or in some other manner acceptable to the Depositary. If a Letter of Acceptance and Transmittal is executed by a person other than the registered holder or registered holders of the Russell Shares represented by the certificate(s) deposited therewith, or if the cash payable is to be delivered to a person other than the registered holder or registered holders, the certificate(s) must be endorsed, or be accompanied by an appropriate share transfer power of attorney, in either case, duly and properly completed by the registered holder or registered holders, and the signature on such endorsement or share transfer power of attorney must correspond exactly to the name of the registered holder or registered holders as registered or as appearing on the certificate(s), and must be guaranteed by an Eligible Institution.

Russell Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Russell Shares directly with the Depositary. If a Russell Shareholders owns Russell

Shares through a broker or other nominee and such broker or nominee deposits the Russell Shares on the Russell Shareholder's behalf, the broker or nominee may charge a fee for performing this service.

Procedure for Guaranteed Delivery

If a Russell Shareholder wishes to deposit Russell Shares pursuant to the Offer and (i) the certificate(s) representing such securities are not immediately available, (ii) the Russell Shareholder cannot complete the procedure for book-entry transfer of such securities on a timely basis, or (iii) the certificate(s) and all other required documents cannot be delivered to the Depositary prior to and in any event not later than the Expiry Time, such securities may nevertheless be deposited validly under the Offer by using the procedures contemplated by the Notice of Guaranteed Delivery, provided that all of the following conditions are met:

(a) such deposit is made by or through an Eligible Institution;

(b) the Notice of Guaranteed Delivery (or a manually signed facsimile thereof) properly completed and duly signed, including a guarantee to deliver by an Eligible Institution in the form set out in the Notice of Guaranteed Delivery, is received by the Depositary at its principal office in Toronto, Ontario prior to and in any event not later than the Expiry Time; and

(c) the certificate(s) representing the Deposited Securities, in proper form for transfer, together with the Letter of Acceptance and Transmittal (or a manually signed facsimile thereof) properly completed and duly signed, and all other documents required by such Letter of Acceptance and Transmittal or, in the case of a book-entry transfer, a Book-Entry Confirmation with respect to the Deposited Shares, are received by the Depositary at its principal office in Toronto, Ontario prior to and in any event not later than 5:00 p.m. (EDT) on the third trading day on the TSXV after the Expiry Date.

The Notice of Guaranteed Delivery may be delivered by hand, couriered, transmitted by electronic facsimile or mailed to the Depositary only at its principal office in Toronto, Ontario and must include a signature guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery. Delivery to any office other than the Toronto, Ontario office of the Depositary does not constitute delivery for the purposes of satisfying a guaranteed delivery.

Acceptance by Book-Entry Transfer

Russell Shareholders may accept the Offer by following the procedures for a book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary at its offices in Toronto, Ontario prior to and in any event not later than the Expiry Time. The Depositary has established an account at CDS for the purpose of the Offer. Any financial institution that is a participant in CDS may cause CDS to make a book-entry transfer of a Russell Shareholder's into the Depositary's account in accordance with CDS procedures for such transfer. Delivery of Russell Shares to the Depositary by means of a book-based transfer will constitute a valid tender under the Offer.

Russell Shareholders, through their respective CDS participants who use CDSX to accept the Offer through a book-entry transfer of their holdings into the Depositary's account with CDS will be deemed to have completed and delivered a Letter of Acceptance and Transmittal and to be bound by the terms thereof and therefore such instructions received by the Depositary are considered a valid tender in accordance with the terms of the Offer.

Participants of CDS should contact the Depositary with respect to the deposit of their Russell Shares under the Offer. CDS will be issuing instructions to their participants as to the method of depositing such Russell Shares under the terms of the Offer.

General

The Offer will be deemed to be accepted by a Russell Shareholder only if the Depositary has actually received the requisite documents at one of its offices specified in the Letter of Acceptance and Transmittal prior to and in any event not later than the Expiry Time. In all cases, payment for securities deposited and taken-up by the Offeror will be made only after timely receipt by the Depositary of (i) certificates representing the Russell Shares (or, in the case of a book-entry transfer to the Depositary, a Book-Entry Confirmation for the Russell Shares), (ii) a Letter of Acceptance and Transmittal (or a manually executed facsimile thereof) properly completed and duly signed, covering such securities with the signature(s) guaranteed in accordance with the instructions set out in the Letter of Acceptance and Transmittal, and (iii) all other required certificates and documents.

Method of Delivery

The method of delivery of certificates representing Russell Shares (or a Book-Entry Confirmation, as applicable), the Letter of Acceptance and Transmittal, the Notice of Guaranteed Delivery and all other required certificates and documents is at the option and risk of the person depositing those documents. The Offeror recommends that such documents be delivered by hand to the Depositary and a receipt obtained or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained. It is suggested that any such mailing be made sufficiently in advance of the Expiry Time to permit delivery to the Depositary before the Expiry Time. Delivery will only be effective upon actual physical receipt by the Depositary.

If you hold Convertible Securities, such Convertible Securities will need to be exercised, exchanged or converted sufficiently in advance of the Expiry Time to ensure you will have certificates representing the Russell Shares received on such exchange, exercise or conversion available for deposit prior to the Expiry Time or with sufficient time to comply with the procedures for guaranteed delivery.

Investment advisors, stockbrokers, banks, trust companies or other nominees may set deadlines for the deposit of Russell Shares that are earlier than those specified above. Russell Shareholders whose Russell Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact that nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such Russell Shares under the Offer.

Determination of Validity

All questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance of any Russell Shares deposited pursuant to the Offer will be determined by the Offeror in its sole discretion, which determination will be final and binding on all parties.

The Offeror reserves the absolute right to reject any and all deposits of Russell Shares that it determines not to be in proper form or that may be unlawful to accept under the laws of any jurisdiction. The Offeror also reserves the absolute right to waive (i) any of the conditions of the Offer, or (ii) any defect or irregularity in any deposit of Russell Shares. No deposit of Russell Shares will be deemed to be properly made until all defects and irregularities have been cured or waived.

There will be no duty or obligation of the Offeror, the Depositary or any other person to give notice of any defects or irregularities in any deposit and no liability will be incurred by any of them for failure to give any such notice. The Offeror's interpretation of the terms and conditions of the Offer, the Circular, the Letter of Acceptance and Transmittal and the Notice of Guaranteed Delivery will be final and binding on all parties.

The Offeror reserves the right to permit the Offer to be accepted in a manner other than as set forth herein.

Dividends and Distributions

Subject to the terms and conditions of the Offer, including in particular the section of this Offer titled "Changes in Capitalization; Encumbrances; Distributions", below and subject, in particular, to Russell Shares being validly withdrawn by or on behalf of a depositing Russell Shareholder, and except as provided below, by accepting the Offer pursuant to the procedures set forth herein, a Russell Shareholder deposits, sells, assigns and transfers to, or upon the order or, the Offeror all of the right, title and interest in and to the Russell Shares covered by the Letter of Acceptance and Transmittal or book-entry transfer (the "**Deposited Securities**") together with all rights and benefits arising from such Deposited Securities including, without limitation, the right to any and all dividends, distributions, payments, securities, property or other interests that may be declared, paid, accrued, issued, distributed, made or transferred on or in respect of the Deposited Securities or any of them on and after the date of the Offer, including any dividends, distributions or payments on such dividends, distributions, payments, securities, property or other interests and any securities for which such Deposited Securities may be exercised, exchanged or converted (collectively, "**Distributions**").

Power of Attorney

The execution and delivery of a Letter of Acceptance and Transmittal (or, in the case of Russell Shares deposited by book-entry transfer, by the making of a book-entry transfer) irrevocably constitutes and appoints, effective on and after the time (the "**Effective Time**") that the Offeror takes up and pays for the Deposited Securities, each director or officer of the Offeror, and any other person designated by the Offeror in writing, as the true and lawful agent, attorney and attorney-in-fact and proxy of the holder of the Deposited Securities (which Deposited Securities upon being taken up are, together with any Distributions thereon, referred to as the "**Purchased Shares**"), with respect to the Purchased Securities, with full power of substitution (such powers of attorney, being coupled with an interest, being irrevocable), in the name of and on behalf of such Russell Shareholder:

(a) to register or record the transfer and/or cancellation of such Purchased Shares (to the extent consisting of shares) on the appropriate securities register maintained by or on behalf of Russell;

(b) for so long as any such Purchased Shares are registered or recorded in the name of such Russell Shareholder, to exercise any and all rights of such Russell Shareholder including, without limitation, the right to vote, to execute and deliver (provided the same is not contrary to Laws), as and when requested by the Offeror (by whom such Deposited Securities are purchased), any instruments of proxy, authorizations or consents in form and on terms satisfactory to the Offeror in respect of any Purchased Shares, to revoke any such instruments, authorizations or consents given prior to or after the Effective Time, and to designate in any such instruments, authorizations or consents any person or persons as the proxyholder of such Russell Shareholder in respect of such Purchased Shares for all purposes including, without limitation, in connection with any meeting(s) (whether annual, special or otherwise, or any adjournment thereof, of holders of relevant securities of Russell;

(c) to execute, endorse and negotiate, for and in the name of and on behalf of such Russell Shareholder, any cheques or other instruments representing any Distributions payable to or to the order of, or endorsed in favour of the Russell Shareholder; and

(d) to exercise any rights of a Russell Shareholder with respect to such Purchased Shares.

A Russell Shareholder accepting the Offer under the terms of the Letter of Acceptance and Transmittal (including by book-entry transfer) revokes any and all other authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, previously conferred or agreed to be conferred by the Russell Shareholder at any time with respect to the Deposited Shares or any Distributions. The Russell Shareholder accepting the Offer agrees that no subsequent authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise will be granted by or on behalf of the depositing Russell Shareholder with respect to the Deposited Shares or any Distributions unless the Deposited Shares are not taken-up and paid for under the Offer or are withdrawn in accordance with the section of this Offer titled "Right to Withdraw Deposited ".

A Russell Shareholder accepting the Offer also agrees not to vote any of the Purchased Shares at any meeting (whether annual, special or otherwise or any adjournment thereof) of holders of relevant securities of Russell and not to exercise any of the other rights or privileges attached to the Purchased Shares, and agrees to execute and deliver to the Offeror any and all instruments of proxy, authorizations or consents in respect of all or any of the Purchased Shares, and agrees to appoint in any such instruments of proxy, authorizations or consents, the person(s) specified by the Offeror as the proxy of the holder of the Purchased Shares. Upon such appointment, all prior proxies and other authorizations (including, without limitation, all appointments of any agent, attorney or attorney-in-fact) or consents given by the holder of such Purchased Shares with respect thereto will be revoked and no subsequent proxies or other authorizations or consents may be given by such person with respect thereto.

Further Assurances

A Russell Shareholder accepting the Offer covenants under the terms of the Letter of Acceptance and Transmittal (including by book-entry transfer) to execute, upon request of the Offeror, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Purchased Shares to the Offeror and to give effect to the covenants of the Russell Shareholder under the terms of the Offer. Each authority therein conferred or agreed to be conferred may be exercised during any subsequent legal incapacity of such holder and will, to the extent permitted by law, survive the death or incapacity, bankruptcy or insolvency of the holder and all obligations of the holder therein will be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of such Russell Shareholder.

Formation of Agreement

The acceptance of the Offer pursuant to the procedures set forth above constitutes a binding agreement between a depositing Russell Shareholder and the Offeror, effective immediately following the time at which the Offeror takes up Deposited Shares deposited by such Russell Shareholder, in accordance with the terms and conditions of the Offer. This agreement includes a representation and warranty by the depositing Russell Shareholder that (i) the person signing the Letter of Acceptance and Transmittal or on whose behalf a book-entry transfer is made has full power and authority to deposit, sell, assign and transfer the Deposited Shares and any Distributions deposited pursuant to the Offer, (ii) the person signing the Letter of Acceptance and Transmittal or on whose behalf a book-entry transfer is made owns the Deposited Shares and any Distributions deposited pursuant to the Offer, (iii) the Deposited Shares and Distributions have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any of the Deposited Shares and Distributions, to any other person, (iv) the deposit of the Deposited Shares and Distributions complies with applicable Laws, and (v) when the Deposited Shares and Distributions are taken up and paid for by the Offeror, the Offeror will acquire good title thereto, free and clear of all liens, restrictions, charges, encumbrances, claims and rights of others.

Other Forms of Acceptance

The Offeror reserves the right to permit the Offer to be accepted in a manner other than that set forth above.

Conditions of the Offer

Notwithstanding any other provisions of the Offer, but subject to applicable Laws, and in addition to (and not in limitation of) the Offeror's right to vary or extend the Offer at any time prior to the Expiry Time pursuant to the section of this Offer titled "Extension, Variation or Change in the Offer", the Offeror has the right to withdraw the Offer and not take up and pay for any Deposited Shares under the Offer, and will have the right to extend the period of time during which the Offer is open for acceptance, unless all of the following conditions are satisfied or waived by the Offeror prior to and in any event not later than the Expiry Time:

(a) the Offeror will have determined in its reasonable discretion that no shareholder rights plan or similar plan exists, or any such plan that does exist does not and will not adversely affect the Offer or the Offeror either before, on or after consummation of the Offer because

(i) the Russell Board has waived the application of such shareholder rights plan or similar plan to the purchase of Russell Shares by the Offeror under the Offer,

(ii) a cease trade order or an injunction has been issued that has the effect of prohibiting or preventing the exercise of rights or the issue of Russell Shares upon the exercise of rights under such shareholder rights plan or similar plan in relation to the purchase of Russell Shares by the Offeror under the Offer,

(iii) a court of competent jurisdiction has ordered that such rights are illegal or of no force or effect or may not be exercised in relation to the Offer, or

(iv) such rights and such shareholder rights plan or similar plan has otherwise become or been held to be unexercisable or unenforceable in relation to the Russell Shares with respect to the Offer;

(b) the Locked-Up Parties will have complied with their obligations under the Lock-Up Agreement and the Lock-Up Agreement will not have been terminated in accordance with their respective terms;

(c) all Regulatory Approvals (including, without limitation, the approval of any stock exchange or other Securities Regulatory Authority) and shareholder approvals and third-party consents that are necessary or advisable to complete the Offer will have been obtained or concluded or, in the case of waiting or suspensory periods, expired or been waived or terminated, each on terms and conditions satisfactory to the Offeror in its reasonable discretion;

(d) no order, ruling or determination having the effect of cease trading the Russell Shares or the Premier Shares will have been issued or made by any Securities Regulatory Authority and be continuing in effect and no proceedings for that purpose will have been instituted or will be pending or, to the knowledge of the Offeror or Russell, threatened in writing by any Securities Regulatory Authority;

(e) the Offeror will have determined in its reasonable judgment that no Material Adverse Effect in respect of Russell will have occurred since the date of the Offer or occurred prior to the date of the Offer which was not Disclosed as at the date of the Offer;

(f) the Offeror will have determined in its reasonable judgment that the consummation of the Offer could not reasonably be expected to have a Material Adverse Effect on Russell (on a consolidated basis) or the Offeror;

(g) (A) no act, action, suit or proceeding will have been taken or commenced or, to the knowledge of the Offeror, threatened in writing or pending by or before any Governmental Entity or by any elected or appointed public official in Canada or elsewhere, whether or not having the force of Law, and (B) no Law, policy, decision or directive (whether or not having the force of Law) will have been proposed, enacted, promulgated, amended or applied, in the case of (A) or (B) above:

(i) to cease trade, enjoin, make illegal, delay or otherwise directly or indirectly prohibit or impose material limitations or conditions on or make materially more costly the making of the Offer, the purchase by or the sale to the Offeror of Russell Shares under the Offer, or the rights of the Offeror to own or exercise full rights of ownership of Russell Shares or which would reasonably be expected to have such an effect;

(ii) seeking to prohibit or limit the Offeror's ownership or operation of Russell or any material portion of the business, properties or assets of Russell or any of its subsidiaries or affiliates, or to compel the Offeror to dispose of or hold separate any portion of the business or assets of Russell or any of its subsidiaries;

(iii) seeking to impose limitations on the ability of the Offeror to acquire or hold, or exercise full rights of ownership of, any material assets of Russell or its subsidiaries or any Russell Shares; or

(iv) which otherwise is considered by the Offeror in its reasonable judgment to be reasonably likely to have a Material Adverse Effect on Russell or its subsidiaries or the Offeror, whether the Offer is consummated or not, or to materially and adversely affect the ability of the Offeror to take up and pay for Russell Shares under the Offer;

(h) there will not be any judgment, injunction, order, decree or stay proposed, sought, enacted, enforced, promulgated, amended, issued or deemed applicable to the Offer or to Russell or any of its subsidiaries, nor will there have been passed any Law by any court or Governmental Entity in any jurisdiction, that could reasonably be expected to, in any case, prohibit, prevent, restrict, enjoin or delay the consummation of the Offer, in each case unless the same is acceptable to the Offeror in its sole judgment, acting reasonably;

(i) there will not have occurred, developed or come into effect or existence after the date hereof;

(i) any event, action, state, condition or financial occurrence of national or international consequence,

(ii) any natural disaster or any acts of terrorism, sabotage, military action, policy action or war (whether or not declared) or any escalation or worsening thereof,

(iii) any other calamity or crisis,

(iv) any Law, action, inquiry,

(v) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market,

(vi) any declaration of a banking moratorium or other suspension of payments in respect of banks,

(vii) any limitation by any Governmental Entity on, or other event which might effect, the extension of credit by lending institutions or result in any imposition of currency controls,

(viii) a material change in the Canadian or other currency exchange rates or a suspension or a limitation on the markets thereof, or

(ix) in the case of any of the foregoing existing as at the date hereof, a material acceleration or worsening thereof;

or other occurrence of any nature whatsoever, which, in the judgment of the Offeror, acting reasonably, adversely affects or involves, or could reasonably be expected to adversely affect or involve, the financial, banking or commodity markets in Canada, the United States or internationally generally, or the financial condition, business, operations, assets, affairs or prospects of the Offeror or Russell or any of their respective subsidiaries, in each case unless the same is acceptable to the Offeror in its judgment, acting reasonably;

(j) there will not exist any prohibitions at Law against the Offeror making the Offer or taking up and paying for Russell Shares by way of issuing Premier Shares under the Offer;

(k) the Offeror will have determined in its judgment, acting reasonably, that:

(i) none of Russell, any of its subsidiaries or any third party has taken or proposed to take any action, or failed to take any action, or disclosed an action or event that was not previously Disclosed, which might make it inadvisable for the Offeror to proceed with the Offer or take up and pay for the Russell Shares under the Offer, and

(ii) neither Russell nor any of its subsidiaries is not in compliance in any material respect with any material agreement or license to which Russell or any of its subsidiaries is a party at such time, in each case unless the same is acceptable to the Offeror;

(l) the Offeror will have determined in its judgment, acting reasonably, that none of the following exists or has occurred and which has not been cured or waived to the Offeror's satisfaction acting reasonably or been threatened:

(i) any material right, permit or licence of Russell or any of its subsidiaries has been impaired or otherwise adversely affected, or

(ii) any covenant, term or condition of any of Russell's or of any of its subsidiaries' instruments or agreements exists, in either case which might make it inadvisable for the Offeror to proceed with the Offer or take up and pay for Russell Shares under the Offer (including any default that may ensue as a result of the Offeror completing the Offer or taking up and paying for Russell Shares under the Offer), in each case unless the same is acceptable to the Offeror;

(m) Russell will not have entered into or effectuated any other agreement or transaction with any person which was not Disclosed prior to the date of this Offer and having the effect of impairing the Offeror's ability to acquire Russell Shares pursuant to the Offer, or materially diminishing in any manner the expected economic value to the Offeror of the acquisition of Russell Shares pursuant to the Offer, including:

(i) the entering into, modifying or terminating of any agreement or arrangement with any directors, senior officers or employees except for such agreements and arrangements entered into, modified or terminated in the ordinary course of business consistent with past practice,

(ii) the instituting, cancelling or modifying of any pension plan or other employee benefit arrangement,

(iii) the altering of material terms of any of its material agreements or licenses,

(iv) the incurring of any debt outside of the ordinary course of business consistent with past practice,

(v) any issuance of securities or options to purchase securities of Russell or any of its subsidiaries,

(vi) any Distributions, other than in the usual and ordinary course of business consistent with past practice,

(vii) any agreement or understanding relating to the sale, disposition of or other dealing with the businesses or assets of Russell, any of its subsidiaries or any part thereof or interest therein or relating to the rights of Russell or any of its subsidiaries to manage, operate or control the conduct of the businesses or any part thereof, in each case out of the usual and ordinary course of business consistent with past practice,

(viii) any take-over bid (other than the Offer), merger, amalgamation, statutory arrangement, recapitalization, business combination, share exchange, joint venture or similar transaction,

(ix) any capital expenditure by Russell or any of its subsidiaries not in the ordinary course of business and consistent with past practice,

(x) any transaction not in the ordinary course of business consistent with past practice, or

(xi) any proposal, plan or intention to do any of the foregoing, either publicly announced or communicated by or to Russell, in each case unless the same is acceptable to the Offeror in its sole discretion; and

(q) the Offeror will not have become aware of any untrue statement of material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made and at the date it was made (after giving effect to all subsequent filings in relation to all matters covered in earlier filings) in the Russell Public Disclosure Record, in each case unless the same is acceptable to the Offeror in its sole discretion.

The foregoing conditions are for the sole benefit of the Offeror and may be asserted by the Offeror at any time regardless of the circumstances giving rise to any such assertion (including any action or inaction by the Offeror or any of its affiliates) or may be waived by the Offeror, in its sole discretion, in whole or in part at any time and from time to time both before and after the Expiry Time without prejudice to any other rights which the Offeror may have. Each of the foregoing conditions is independent of and in addition to each other of such conditions and may be asserted irrespective of whether any other of such conditions may be asserted in connection with any particular event, occurrence or state of facts or otherwise. The failure by the Offeror at any time to exercise any of these rights will not be deemed a waiver of any such rights and each such right will be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Offeror concerning any events or other matters described in this section will be final and binding upon all parties for purposes of the Offer.

Any waiver of a condition or the withdrawal of the Offer will be effective upon written notice (or other communication confirmed in writing) being given by the Offeror to that effect to the Depositary at its principal office in Toronto, Ontario. After giving any such notice or communication, the Offeror will make a public announcement of such waiver or withdrawal and, to the extent required by Law, cause the Depositary as soon as possible afterwards to notify the Russell Shareholders in the manner set forth in the section of this Offer titled "Notice and Delivery." Any notice of waiver or withdrawal will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Toronto, Ontario. If the Offer is withdrawn, the Offeror will not be obligated to take up, accept for payment or pay for any Russell Shares deposited under the Offer.

Extension, Variation or Change in the Offer

The Offer is open for acceptance from the date hereof until, but not after, the Expiry Time, subject to extension or variation in the Offeror's sole discretion, unless the Offer is withdrawn.

Subject to limitations described below, the Offeror may, in its sole discretion, at any time and from time to time while the Offer is open for acceptance (or at any other time permitted by applicable Law), extend or vary the Expiry Time or vary the Offer by giving written notice (or other communication subsequently confirmed in writing) of such extension or variation to the Depositary at its principal office in Toronto, Ontario. Upon the giving of such notice or other communication extending or varying the Expiry Time or varying the Offer, the Expiry Time will be, and will be deemed to be, so extended and the Offer will be, and will be deemed to be, so varied, as applicable.

The Offeror will, as soon as possible after giving notice of an extension or variation to the Depositary, make a public announcement of the extension or variation to the extent and in the manner required by applicable Law and, if required by applicable Law, cause the Depositary to mail a copy of any such notice to Russell Shareholders at their respective addresses appearing in the registers of Russell. Any notice of extension or variation will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Toronto, Ontario.

Where the terms of the Offer are varied (other than if the variation consists solely of a waiver by the Offeror of a condition of the Offer), the Offer will not expire until 10 days after notice of the variation has been given to Russell Shareholders, unless otherwise permitted by Law and subject to abridgement or elimination of that period pursuant to such orders as may be granted by Canadian courts and/or Securities Regulatory Authorities.

If, either before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, a change occurs in the information contained in the Offer or the Circular, as amended from time to time or in any notice of extension or variation, that would reasonably be expected to affect the decision of a Russell Shareholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or an affiliate of the Offeror), the Offeror will give written notice of such change to the Depositary at its principal office in Toronto, Ontario. Upon the giving of such notice of change to the Depositary, the Expiry Time will be deemed to be extended to the date specified in the notice or as otherwise required by Law.

As soon as possible after giving notice of a change in information to the Depositary, the Offeror will make a public announcement of the change in information and, if required by applicable Law, cause the Depositary to mail a copy of any such notice to Russell Shareholders at their respective addresses appearing in the registers of Russell. Any notice of change in information will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Toronto, Ontario. The notice of change need not be delivered to any Russell Shareholders whose Russell Shares were taken up prior to the date of the occurrence of the change.

Notwithstanding the foregoing, but subject to applicable Law, the Offer may not be extended by the Offeror if all of the terms and conditions of the Offer (other than those waived by the Offeror) have been fulfilled or complied with, unless the Offeror first takes up all of the Russell Shares then deposited under the Offer and not validly withdrawn. An extension without taking up is required in certain cases where withdrawal rights apply.

During any such extension, or in the event of any variation or change in information, all Russell Shares previously deposited and not taken up or withdrawn will remain subject to the Offer and may be accepted for purchase by the Offeror in accordance with the terms of this Offer, subject to the provisions set out in the section of the Offer titled "Right to Withdraw Deposited ," below. An extension or variation of the Expiry Time, a variation of the Offer or a change in information contained in the Offer or the Circular does not, unless otherwise expressly stated, constitute a waiver by the Offeror of any of its rights set out in "Conditions of the Offer," above, and all Russell Shares previously deposited and not withdrawn will remain subject to the Offer and, subject to the right of Russell Shareholders to withdraw their Russell Shares in accordance with applicable Law, may be accepted and taken up by the Offeror in accordance with the terms of the Offer.

If the consideration being offered for the Russell Shares deposited under the Offer is increased, the increased consideration will be required to be paid to all depositing Russell Shareholders whose Russell Shares are taken up under the Offer, whether or not such Russell Shares were taken up before the increase.

Take Up of and Payment for Deposited Securities

If all conditions referred to in "Conditions of the Offer", above, have been satisfied or, where permitted, waived by the Offeror prior to and in any event not later than the Expiry Time, the Offeror will be obligated to take up and pay for Russell Shares duly and validly deposited pursuant to the Offer and not validly withdrawn in accordance with the terms of the Offer within 10 days after the Expiry Time. Any Russell Shares taken up will be required to be paid for as soon as possible and, in any event, not later than three business days after they are taken up. Any Russell Shares deposited pursuant to the Offer after the first date on which Russell Shares have been taken up and paid for by the Offeror must be taken up and paid for within 10 days of such deposit.

For the purposes of the Offer, the Offeror will be deemed to have taken up and accepted for payment Russell Shares duly and validly deposited pursuant to the Offer and not validly withdrawn if, as and when the Offeror gives written notice (or other communication subsequently confirmed in writing) to the Depositary, at its principal office in Toronto, Ontario, to such effect and as required by Law.

Subject to applicable Law, the Offeror reserves the right, in its sole discretion, to postpone taking up or paying for any Russell Shares or to withdraw the Offer and not take up or pay for any Russell Shares if any condition specified in "Conditions of the Offer," above, is not satisfied or waived by the Offeror. The Offeror also reserves the right, in its sole discretion and notwithstanding any other condition of the Offer, to postpone taking up and paying for Russell Shares in order to comply, in whole or in part, with any Law. The Offeror will not, however, take up and pay for any Russell Shares deposited under the Offer unless it simultaneously takes up and pays for all Russell Shares then validly deposited pursuant to the Offer and not validly withdrawn.

The Offeror will pay for Deposited Shares by providing the Depositary, which will act as agent of the depositing Russell Shareholders, with sufficient certificates of Premier Shares for transmittal to depositing Russell Shareholders. Receipt by the Depositary of such share certificates under the Offer will be deemed to constitute receipt of payments by persons depositing Russell Shares under the Offer.

Settlement with depositing Russell Shareholders under the Offer will be made by the Depositary delivering (or causing to be delivered) certificates representing Premier Shares (or in the case of Premier Shares deposited by book-entry transfer, crediting the Premier Shares to the account of CDS, from which such book-entry transfer was made), in amounts to which the depositing Russell Shareholder is entitled, by first class mail. Subject to the foregoing and unless otherwise directed by the Letter of Acceptance and Transmittal, the certificates representing the Premier Shares (or in the case of Russell Shares deposited by book-entry transfer, the credit of Premier Shares) will be issued in the name of the registered holder of the Russell Shares so deposited. Unless the depositing Russell Shareholder instructs the Depositary to hold the certificates for pick-up by checking the appropriate box in the Letter of Acceptance and Transmittal, the certificates will be forwarded by first class mail (postage prepaid) to such person at the address specified in the Letter of Acceptance and Transmittal. If no such address if specified, the certificates will be sent to the address of the holder as shown on the applicable securities register maintained by or on behalf of Russell. Certificates mailed in accordance with this paragraph (or in the case of Russell Shares deposited by book-entry transfer) will be deemed to be delivered at the time of mailing (or deposit).

Russell Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Russell Shares directly with the Depositary. If a Russell Shareholder owns Russell Shares through a broker or other nominee and such broker or nominee deposits the Russell Shares on the Russell Shareholder's behalf, the broker or nominee may charge a fee for performing this service.

If any Deposited Shares are not accepted for payment pursuant to the terms and conditions of the Offer for any reason, such Russell Shares will be returned to the depositing Russell Shareholder as soon as possible following the closing or withdrawal of the Offer. See "Return of Deposited Shares," below.

Right to Withdraw Deposited Shares

<u>Except as otherwise provided in this section, all deposits of Russell Shares pursuant to the Offer are irrevocable</u>. Unless otherwise required or permitted by Law, any Russell Shares deposited in acceptance of the Offer may, subject to the terms of the Lock-Up Agreement in the case of the Locked-Up Parties, be withdrawn on behalf of the depositing Russell Shareholder:

(a) at any time prior to the take up of the Deposited Shares by the Offeror;

(b) if the Russell Shares have not been paid for by the Offeror within three business days (within the meaning of the *Securities Act*) after having been taken up; or

(c) at any time before the expiration of 10 days from the date upon which either:

  (ii) a notice of change relating to a change which has occurred in the information contained in this Offer or the Circular, as amended from time to time, or in any notice of extension or variation, that would reasonably be expected to affect the decision of a Russell Shareholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or an affiliate of the Offeror), in the event that such change occurs either before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal in respect of the Offer; or

  (iii) a notice of variation concerning a variation in the terms of the Offer (other than a variation consisting solely of an increase in the consideration offered for the Russell Shares, as applicable, where the Expiry Time is not extended for more than 10 days or a variation consisting solely of a waiver of a condition to the Offer),

  is mailed, delivered or otherwise properly communicated to the Depositary (subject to abridgement of that period pursuant to such order or orders as may be granted by applicable courts or Securities Regulatory Authorities) and only if such Deposited Shares have not been taken up by the Offeror at the date of such notice.

For a withdrawal to be effective, a written or facsimile transmission notice of withdrawal must be received in a timely manner by the Depositary at the place of deposit of the relevant Russell Shares before such securities are taken up and paid for. Any such notice of withdrawal must: (i) be made by a method (including a manually signed facsimile transmission) that provides the Depositary with a written or printed copy, (ii) be signed by or on behalf of the person who signed the Letter of Acceptance and Transmittal (or Notice of Guaranteed Delivery) that accompanied the Russell Shares to be withdrawn, and (iii) specify the name of the depositing Russell Shareholder, the number of Russell Shares to be withdrawn, the name of the registered holder (if different than that of the depositing Russell Shareholder) and the certificate number shown on the certificates representing each Russell Share to be withdrawn. No signature guarantee is required on a notice of withdrawal if the notice of withdrawal is signed by the registered holder of the Russell Shares exactly as the name of the registered holder appears on the certificate or certificates representing Russell Shares deposited with the Letter of Acceptance and Transmittal or if the Russell Shares were deposited for the account of an Eligible Institution. In all other cases, the signature on a notice of withdrawal must be guaranteed by an Eligible Institution. The withdrawal will take effect upon actual receipt by the Depositary of the properly completed notice of withdrawal.

A withdrawal of Russell Shares deposited pursuant to the Offer can only be accomplished in accordance with the foregoing procedure. The withdrawal will take effect only upon actual receipt by the Depositary of the properly completed and executed written or facsimile notice of withdrawal at the place of deposit of the applicable Russell Shares within the time limits indicated above.

Alternatively, if Russell Shares have been deposited pursuant to the procedures for a book-entry transfer, as set forth in "Manner of Acceptance - Acceptance by Book-Entry Transfer," above, any notice of withdrawal must specify the name and number of the account at CDS to be credited with the withdrawn Russell Shares and otherwise comply with the procedures of CDS.

All questions as to the validity (including timely receipt) and form of notices of withdrawal will be determined by the Offeror, in its sole discretion, and such determination will be final and binding on all parties. There will be no duty or obligation of the Offeror, the Depositary or any other person to give notice of any defects or irregularities in any withdrawal and no liability will be incurred by any of them for failure to give any such notice.

If the Offeror is delayed in taking up or paying for Russell Shares or is unable to take up and pay for Russell Shares then, without prejudice to the Offeror's other rights, Russell Shares deposited under the Offer may not be withdrawn except to the extent that depositing Russell Shareholders are entitled to withdrawal rights as set forth in this section or pursuant to applicable Law.

Any Russell Shares withdrawn will be deemed to be not validly deposited for the purposes of the Offer, but may be re-deposited subsequently, prior to and in any event not later than the Expiry Time, by following the procedures described in "Manner of Acceptance," above.

Investment advisors, stockbrokers, banks, trust companies or other nominees may set deadlines for the withdrawal of Russell Shares that are earlier than those specified above. Russell Shareholders whose Russell Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should contact their broker or other nominee for assistance.

In addition to these rights of withdrawal, certain provinces of Canada provide securityholders with statutory rights of rescission in certain circumstances. See the section of the Circular titled "Statement of Rights". Depositing Russell Shareholders should contact their broker or other nominee for assistance.

Return of Deposited Shares

If any Deposited Shares are not taken up and paid for pursuant to the terms and conditions of the Offer for any reason, or if certificates are submitted for more Russell Shares than are deposited, certificates for unpurchased Russell Shares will be returned to the depositing Russell Shareholder as soon as is practicable following the Expiry Time or the termination or withdrawal of the Offer by either (i) sending new certificates representing such unpurchased securities or by returning the deposited certificates (and other relevant documents), or (ii) in the case of any such securities deposited by book-entry transfer pursuant to the procedures set forth in "Manner of Acceptance - Acceptance by Book-Entry Transfer", such securities will be credited to the depositing Russell Shareholder's account maintained with CDS. Certificates (and other relevant documents) will be forwarded by first class mail in the name of and to the address specified by the Russell Shareholder in the Letter of Acceptance and Transmittal or, if such name or address is not so specified, in such name and to such address as shown on the applicable securities register maintained by Russell or its transfer agent, as soon as practicable after the closing or termination of the Offer.

Changes in Capitalization; Encumbrances; Distributions

If, on or after the date of the first public announcement by Premier of its intention to make the Offer, Russell should divide, combine or otherwise change any of the Russell Shares or its capitalization, or disclose that it has taken or intends to take any such action, the Offeror, in its sole discretion and without prejudice to its rights under "Conditions of the Offer," above, may make such adjustments as it considers appropriate to the Offer Price and the other terms of the Offer (including the type of securities offered to be purchased and the amounts payable therefor) to reflect that division, combination or other change.

Russell Shares acquired pursuant to the Offer, including the right to all Distributions, will be transferred by the depositing Russell Shareholders and acquired by the Offeror free and clear of all liens, restrictions, charges, encumbrances, claims and rights of others.

If, on or after the date of the first public announcement by Premier of its intention to make the Offer, Russell should declare or pay any Distribution(s) that is or are payable or distributable to the Russell Shareholders of record on a record date which is prior to the date of transfer of Deposited Securities into the name of the Offeror, or its nominees or transferees, on the applicable securities register maintained by or on behalf of Russell following acceptance thereof by the Offeror for purchase pursuant to the Offer, then, without prejudice to the Offeror's rights under "Conditions of the Offer," above, (i) in the case of any cash Distribution(s), the amount of the Distribution(s) will be received and held by the depositing Russell Shareholder for the account of the Offeror until the Offeror pays for such Russell Shares, and to the extent that such Distribution(s) do not exceed the Offer Price per Russell Share payable by the Offeror pursuant to the Offer, then the Offer Price payable by the Offeror pursuant to the Offer will be reduced by the amount of any such Distribution(s), (ii) in the case of any non-cash Distribution(s), the whole of any such non-cash Distribution(s) will be received and held by the depositing Russell Shareholder for the account of the Offeror and will be promptly remitted and transferred by the depositing Russell Shareholder to the Depositary for the account of the Offeror, accompanied by appropriate documentation of transfer, and (iii) in the case the portion of any cash Distribution(s) that exceeds the Offer Price per Russell Share payable by the Offeror pursuant to the Offer, such portion of such cash Distribution(s) will be received and held by the depositing Russell Shareholder for the account of the Offeror and will be promptly remitted and transferred by the depositing Russell Shareholder to the Depositary for the account of the Offeror, accompanied by appropriate documentation of transfer. Pending such remittance, the Offeror will be entitled to all rights and privileges as the owner of any such Distribution(s) and may withhold the entire consideration payable by the Offeror pursuant to the Offer or deduct from the consideration payable by the Offeror pursuant to the Offer the amount or value thereof, as determined by the Offeror in its sole discretion.

Mail Service Interruption

Notwithstanding the provisions of the Offer Documents, share certificates and any other relevant documents will not be mailed if the Offeror determines that delivery thereof by mail may be delayed. A person entitled to share certificates and any other relevant documents which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary at which the Russell Shares were delivered, until such time as the Offeror has determined that delivery by mail will no longer be delayed. Notwithstanding the section of this Offer titled "Notice and Delivery," below, share certificates not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery to the depositing Russell Shareholders at the appropriate office of the Depositary. Notice of any determination regarding mail service delay or interruption made by the Offeror will be given in accordance with the procedure set out in "Notice and Delivery," below.

Notice and Delivery

Without limiting any other lawful means of giving notice, any notice which the Offeror or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given to Russell Shareholders if it is mailed by prepaid, first class mail to the registered Russell Shareholders at their respective addresses appearing in the applicable securities register maintained by or on behalf of Russell and will be deemed, unless otherwise specified by applicable Laws, to have been received on the first business day following the date of mailing. These provisions apply notwithstanding any accidental omission to give notice to any one or more Russell Shareholders and notwithstanding any interruption or delay of mail service in Canada or elsewhere following mailing. In the event of any interruption or delay of mail service following mailing, the Offeror intends to make reasonable efforts to disseminate the notice by other means, such as publication. In the event that post offices are not open for the deposit of mail, or there is reason to believe that there is or could be a disruption in all or any part of the postal service, any notice which the Offeror or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given and to have been received by Russell Shareholders if it is given to the TSXV for dissemination through its facilities, (ii) if a summary of the material facts is published once in the national edition of The Globe and Mail or the National Post and in daily newspapers of general circulation in each of the French and English languages in Montréal, Québec (if there are Russell Shareholders resident in Quebec), or (iii) it is given to the Canada News Wire Service and/or the Dow Jones News Service for dissemination through its facilities.

The Offer will be mailed to registered Russell Shareholders or made in such other manner as is permitted by applicable Securities Regulatory Authorities and the Offeror will use its reasonable efforts to provide the Offer to brokers, investment dealers, banks and similar persons whose names, or the names of whose nominees, appear on the applicable securities register maintained by or on behalf of Russell or, if security position listings are available, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to the beneficial owners of the Russell Shares.

Wherever the Offer calls for documents to be delivered to the Depositary, those documents will not be considered delivered unless and until they have been physically received at one of the addresses listed for the Depositary in the Letter of Acceptance and Transmittal or at the address of the Depositary in Toronto, Ontario listed in the Notice of Guaranteed Delivery, as applicable. Wherever the Offer calls for documents to be delivered to a particular office of the Depositary, those documents will not be considered delivered unless and until they have been physically received at such particular office at the address listed in the Letter of Acceptance and Transmittal or the Notice of Guaranteed Delivery, as applicable.

Market Purchases

The Offeror reserves the right to, and may, purchase Russell Shares subject to and as permitted by Law, including by making purchases through the facilities of the TSXV, at any time and from time to time before the Expiry Time. In no event will the Offeror make any such purchases of Russell Shares through the facilities of the TSXV until the third clear trading day following the date of the Offer. The aggregate number of Russell Shares acquired by the Offeror through the facilities of the TSXV during the Offer Period will not exceed 5% of the number of Russell Shares outstanding on the date of the Offer and the Offeror will issue and file a press release containing the information prescribed by Law immediately after the close of business of the TSXV on each day on which any such Russell Shares have been purchased.

For the purposes of this section "Market Purchases," "**the Offeror**" includes the Offeror and any person acting jointly or in concert with the Offeror.

Although the Offeror has no present intention to sell Russell Shares taken up under the Offer, it reserves the right to make or to enter into an arrangement, commitment or understanding prior to and in any event not later than the Expiry Time to sell any of such Russell Shares after the Expiry Time, subject to applicable Laws. It may also grant pledges of such Russell Shares to its lenders or others.

Other Terms of the Offer

The provisions of the Glossary, the Circular, the Letter of Acceptance and Transmittal and the Notice of Guaranteed Delivery accompanying the Offer, including the instructions contained therein, as applicable, form part of the terms and conditions of the Offer.

No stockbroker, investment dealer or other person (including the Depositary) has been authorized to give any information or make any representations in connection with the Offer and related transactions described in this document other than those contained in this document or in the accompanying Circular, and if any such information is given or made it must not be relied upon as having been authorized by the

Offeror. No broker, dealer or other person will be deemed to be the agent of the Offeror or any of its affiliates for the purposes of the Offer.

This Offer and the accompanying Circular constitute the take-over bid circular required under Securities Laws with respect to the Offer. Russell Shareholders are urged to refer to the accompanying Circular for additional information relating to the Offer.

This Offer and all contracts resulting from the acceptance of this Offer will be governed by, and construed in accordance with, the Laws of the Province of British Columbia and the Laws of Canada applicable therein. Each party to a contract resulting from an acceptance of this Offer unconditionally and irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such Offer or solicitation is unlawful. The Offer is not being made or directed to, nor will deposits be accepted from or on behalf of, Russell Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction, including the United States. However, the Offeror may, in its sole discretion, take such action as the Offeror may deem necessary to extend the Offer to Russell Shareholders in any such jurisdiction.

The provisions of the Offer Documents, including the instructions contained in this document, as applicable, form part of the terms and conditions of the Offer. The Offeror, in its sole discretion, will be entitled to make a final and binding determination of all questions relating to the interpretation of this Offer, the Circular, the Letter of Acceptance and Transmittal and the Notice of Guaranteed Delivery, the validity of any acceptance of this Offer and the validity of any withdrawals of Russell Shares.

The Offeror reserves the right to transfer to one or more affiliates or associates or the Offeror the right to purchase all or any portion of the Russell Shares deposited pursuant to the Offer, but any such transfer will not relieve the Offeror of its obligations under the Offer and in no way will prejudice the rights of the depositing Russell Shareholders to receive payment for Russell Shares validly deposited and accepted for payment pursuant to the Offer. In addition, the Offeror reserves the right to sell, following completion of the Offer, to one or more affiliates or associates with it or to third persons, any portion of the Russell Shares acquired under the Offer.

Dated June 26, 2015

PREMIER DIVERSIFIED HOLDINGS INC.

Per: *"Sanjeev Parsad"*

Sanjeev Parsad
President, CEO and Director

CIRCULAR

The following information is supplied by the Offeror with respect to the accompanying Offer dated June 26, 2015 to purchase up to 51% of the issued and outstanding Russell Shares. The terms and conditions of the Offer are incorporated into and form part of this Circular and Russell Shareholders should refer to the Offer for details of the terms and conditions of the Offer, including details as to receipt of the Premier Shares to be issued as payment for the Russell Shares and withdrawal rights. Terms defined in the Offer or in the accompanying Glossary and not defined in the Circular have the meanings assigned to them in the Offer and/or the Glossary, as applicable unless the context otherwise requires.

The information concerning Russell in the Offer and the Circular has been taken from or based upon the Russell Public Disclosure Record and other publicly available documents and records related to Russell. Although the Offeror has no knowledge that would indicate that any information regarding Russell contained in the Offer or Circular taken from or based on such information is untrue or incomplete, the Offeror does not assume responsibility for the accuracy or completeness of such information or for any failure by Russell to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to the Offeror.

Information contained in this Circular should not be construed as legal, tax or financial advice. Russell Shareholders are urged to consult their own professional advisors in connection with the disclosure contained in this Circular. The proposed transactions set out in this Circular have not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits thereof or upon the accuracy or adequacy of the information contained in this Circular and any representation to the contrary is unlawful.

Unless otherwise indicated, information in this Circular is given as of June 26, 2015.

The Offeror: Premier Diversified Holdings Inc.

The full corporate name of the Offeror is "Premier Diversified Holdings Inc." The Offeror's former name was "Premier Diagnostic Health Services Inc."

The head office of the Offeror is located at 3rd floor, 3185 Willingdon Green, Burnaby, British Columbia, Canada V5G 4P3.

The registered and records office of the Offeror is located at c/o Robertson Neil LLP, Suite 1350-650 West Georgia Street, Vancouver, British Columbia, Canada V6B 4N8.

The Offeror was incorporated pursuant to the BCBCA on September 22, 2006 under the name "Premier Diagnostic Health Services Inc." It amalgamated with Golden Hat Resources Inc. on July 16, 2010. Premier commenced public trading on the CSE under the symbol "PDH" on November 1, 2010 as a life sciences issuer whose sole business was to operate medical diagnostic and imaging clinics. In April 2015, Premier completed a change of business to become an Investment Issuer and changed its name to Premier Diversified Holdings Inc.

Premier has three wholly-owned subsidiaries:

- Premier Diagnostics (Hong Kong) Limited ("**PDHK**"), a company constituted under the laws of Hong Kong, China.
- Premier Diagnostic Center (Vancouver) Inc. ("**PDC Vancouver**"), a company incorporated under the laws of British Columbia on February 25, 2014.
- Premier Investment (Hong Kong) Ltd. ("**PIHK**"), a company constituted under the laws of Hong Kong, China.

The Offeror holds a 100% interest in Premier Diagnostic (China) Corporation (a wholly-owned foreign entity) indirectly through PDHK.

The Offeror holds a 32.37% interest in SRHL (a company incorporated under the laws of Bermuda), which holds a 100% interest in Sequant Re (also a Bermuda company).

On April 2, 2015, Premier received Shareholder approval to change its business to that of an Investment Issuer. Premier is now engaged in the business of investing in and acquiring privately held and publicly traded companies, or the securities and/or assets of such companies. Premier may also act as a holding company (either directly or through a subsidiary) that may be active in the management of investee entities to varying degrees. Any acquisitions or investments made by Premier are subject to its Investment Policy and if required, CSE and / or shareholder approval.

Premier has adopted a written Investment Policy to govern its acquisition and investment activities. The Investment Policy provides, among other things, the investment objectives and strategy based on certain fundamental principles, which are summarized below.

Premier's investment objectives for the forthcoming 12 month period will be to seek a return from investment gains, interest income, dividend income, acquisition of other businesses, consultation fees and/or advisory services fees. Premier plans to reinvest any profits of its investments to further the growth and development of its investment portfolio and/or operating subsidiaries. Premier intends to target primarily North American private and publicly listed companies.

Premier intends to acquire equity, debt and any other investment structures or instruments which Premier's Investment and Acquisitions Committee and/or Board approves. . Premier may invest directly in public or private companies, partnerships or other legal entities. Premier may acquire an entity that is distressed, where a change of management or other restructuring is required to realize the value of that entity's assets. Premier may also engage in some activist investing where shareholder value is adversely affected by an entity's current board and management.

Premier's intent is that up to 33% of its portfolio will be available to its CEO to allocate into North American public securities. The remaining 67% of the portfolio will be channelled through management for final approval. Management and the Investment and Acquisitions Committee will select all investments for submission to the Board and monitor the investment portfolio on an ongoing basis, and will be subject to the direction of the Board.

Following its change of business, Premier's first acquisition as an Investment Issuer is via the Offer for Russell Shares. Premier identified Russell as a target investee and determined to launch a take-over bid for 51% of the Russell Shares because, in the opinion of Premier's Board and management:

- Russell is an operating business with strong revenues and operating cash flows;
- The craft brewery industry is one of the few areas of the beverage business growing market share on an annual basis;
- Russell has a good Chief Executive Officer in place;
- Premier brings significant financial assets and expertise to Russell;
- A combined Premier and Russell entity would benefit both companies with the resulting vehicle having strong revenues, operating cash flow and substantial long-term working capital; and
- A share based tender is a more tax-efficient transaction for both Premier and Russell shareholders than a tender involving cash payments.

Premier has approximately $5,042,759 in unallocated working capital (as at March 31, 2015) available for future investments. Future investments may be subject to CSE approval and will be carried out in accordance with Premier's Investment Policy.

The Premier Shares are listed and posted for trading on the CSE under the symbol "PDH." Premier is a reporting issuer or the equivalent in the Provinces of British Columbia, Alberta, Manitoba and Ontario and files continuous disclosure documents with the Securities Regulatory Authorities in such provinces. Such documents are available on SEDAR at www.sedar.com.

Refer to Schedule A for detailed information regarding Premier.

The Offeree: Russell Breweries Inc.

The full corporate name of the target company is Russell Breweries Inc. Russell's head office is located at 13018 80th Avenue, Suite 202, Surrey, British Columbia, Canada, V3W 3A8. Russell was incorporated pursuant to the laws of British Columbia on March 23, 2000.

Russell produces beer primarily for sale to provincial liquor distribution organizations and entities engaged in the food and beverage industries within Canada. Russell, through its wholly-owned subsidiaries, Russell Brewing Company Ltd. in B.C. and Fort Garry Brewing Company Ltd. in Manitoba, operates two craft breweries producing beers for pubs, restaurants and liquor stores.

Russell's shares are traded on the TSXV under the symbol "RB." Russell is a reporting issuer or the equivalent in the Provinces of British Columbia, Alberta, Manitoba and Ontario and files continuous disclosure documents with the Securities Regulatory Authorities in such provinces. Such documents are available on SEDAR at www.sedar.com.

Securities Subject to the Bid

Based on information contained in the Russell Public Disclosure Record, the authorized share capital of Russell consists of an unlimited number of common shares without par value and as at March 31, 2015, there were 87,083,788 Russell Shares issued and outstanding.

The Russell Shares are listed and posted for trading on Tier 2 of the TSXV under the stock symbol "RB". The closing price of the Russell Shares on the TSXV on June 25, 2015, the last trading date prior to the announcement of the Offer, was $0.06.

The Offer price represents a premium of approximately 36.67% over the closing price of the Russell Shares on the TSXV on June 25, 2015, a premium of 45.5% over the closing price of the Russell Shares on the TSXV on June 24, 2015 and 48.47% over the 10-day volume-weighted average closing price of the Russell Shares ended June 24, 2015 of $0.055 on the TSXV.

Premier is making a bid to acquire 51% of these shares, approximately 44,412,731 Russell Shares.

Purpose of the Offer and Premier's Plans for Russell

Canadian Securities Laws mandate that a person cannot offer to acquire 20% or more of the outstanding voting or equity shares of a company, such as Russell, except pursuant to certain limited exemptions, without making a general offer open to all shareholders.

The purpose of the Offer is to make an investment in the Russell Shares by Premier while complying with Canadian Securities Laws by making a general offer open to all Russell Shareholders. Premier believes that the appropriate exposure for an investment by the Offeror in Russell can be achieved only by acquiring a substantial number of Russell Shares. The purpose of the Offer is also to create a combined entity with significant revenues and operating cash flows, with good working capital for long-term planning and growth.

Premier believes that it is in the best long-term interests of Russell and its shareholders for Russell to have substantial working capital for growth and future consolidation within the craft brewery industry. For Russell to achieve this goal, as soon as practicable, Russell will require:

- Significant additional funds, which Premier has and is willing to provide to Russell upon completion of the Offer.
- Expertise to raise capital, which Premier has and is willing to provide to Russell upon completion of the Offer. Premier's current management team and Board have raised over $8M in capital through equity funding at no cost to Premier other than legal fees (no commissions or finder's fees paid).
- If Premier achieves its 51% take-over bid, Premier intends to replace Russell's existing high-cost debt with lower cost debt, reducing financing costs for Russell

Although the Offeror intends to take up and pay for Russell Shares deposited under the Offer, it currently has no intention to enter into any transactions following the completion of the Offer to enable the Offeror or any of its affiliates to acquire any Russell Shares or other securities of Russell not acquired pursuant to the Offer.

There can be no assurance as to whether Russell, with or without the assistance of Premier, will be able to successfully advance growth and consolidation of the craft brewery industry.

The acquisition of Russell is in line with the Offeror's strategy of investing in quality businesses with good management and future prospects.

Upon the successful completion of the Offer, it is the Offeror's intention to not significantly alter Russell's existing business, but create more opportunities for growth, and support long-term plans for consolidating the craft brewery industry. This would be accomplished by refinancing the Target Company's existing debt and working to ensure it has adequate working capital.

Certain Effects of the Offer

The purchase of Russell Shares pursuant to the Offer will reduce the number of Russell Shares that might otherwise trade publicly and may reduce the number of Russell Shareholders and this could adversely affect the liquidity and market value of the remaining Russell Shares held by the public. Although the Offeror expects that Russell will continue to satisfy the rules and regulations of the TSXV relating to the continued listing of the Russell Shares following the completion of the Offer and will continue to comply with its requirements to make filings with the Securities Regulatory Authorities, there can be no guarantee that Russell will continue to satisfy TSXV rules (for example those relating to minimum public distribution requirements) until after the Offer is complete. Refer to the section titled "Risk Factors" in Schedule A.

If a holder of options, warrants or other rights to acquire Russell Shares does not exercise such options, warrants or other rights before the Expiry Time, such options, warrants or other rights to acquire Russell Shares will remain outstanding in accordance with their terms and conditions following the completion of the Offer.

The Offeror currently has no intention to enter into any transactions to enable the Offeror or any of its affiliates to acquire any Russell Shares or other securities of Russell not acquired pursuant to the Offer, except for purchases made in the normal course on a published market.

Time Period

The Offer is open for acceptance commencing on the date of the Circular, June 26, 2015, until the Expiry Time, unless withdrawn, varied or extended by the Offeror. The Expiry Time is currently 5:00 pm (EDT) on August 4, 2015. The Offer may be extended by the Offeror to such later time or times and date or dates as may be fixed by the Offeror from time to time. Refer to the section titled "Extension, Variation or Change in the Offer" in the Offer, above.

Consideration

The Offeror is offering to purchase, on the terms and subject to the conditions specified set out in the Offer and in the related Letter of Acceptance and Transmittal (including, if the Offer is varied or extended, the terms and conditions of any variation or extension), 51% of the issued and outstanding Russell Shares, on the basis of 0.40 of a Premier Share for each Russell Share (one whole Premier Share for each 2.5 Russell Shares), for a Deemed Offer Price of $0.08 for each Russell Share).

All of the Premier Shares rank equally as to voting rights, participation in a distribution of the assets of Premier on a liquidation, dissolution or winding-up of Premier and the entitlement to dividends. The holders of the Premier Shares are entitled to receive notice of all meetings of shareholders and to attend and vote the Premier Shares at the meetings. Each Premier Share carries with it the right to one vote.

In the event of the liquidation, dissolution or winding-up of Premier or other distribution of its assets, the holders of the Premier Shares will be entitled to receive, on a pro rata basis, all of the assets remaining after Premier has paid out its liabilities. Distribution in the form of dividends, if any, will be set by the board of directors.

Refer to Schedule A, below, for further information about Premier and Premier Shares.

Ownership of Russell Securities by Offeror and Trading in Securities of Russell

Except as disclosed below or elsewhere in this Circular, none of the Offeror, nor any director or senior officer of the Offeror, or to the knowledge of the directors or senior officers of the Offeror (after reasonable inquiry): (i) any associate or affiliate of an insider of the Offeror, or (ii) an insider of the Offeror, other than a director or officer of the Offeror; and (iii) any person acting jointly or in concert with the Offeror beneficially owns or exercises control or direction over any of Russell Shares as of the date of this Circular.

Premier holds 14,506,000 Russell Shares (approximately 16.66% of the issued and outstanding Russell Shares on an undiluted basis). Premier acquired these Russell Shares on June 24, 2015 at a deemed price of $0.08 pursuant to a private purchase and sale agreement between Premier and G. Andrew Cooke, and a private purchase and sale agreement between Premier, CMCC, CMC US and MPIC Fund 1, LP (together, the "**Purchase Agreements**"). Under the terms of the Purchase Agreements, Premier issued a total of 5,802,400 Premier Shares to the sellers in payment for the Russell Shares, on the basis of one Premier Share for every 2.5 Russell Shares acquired. This is the same ratio as is being currently offered to Russell Shareholders under the Offer. The Premier Shares were issued with a deemed value of $0.21 per share, for a total deemed value of $1,218,504. No cash was paid and no sales agent, broker or other person received compensation in connection with the acquisition of the Russell Shares. The Premier Shares issued to the sellers are subject to resale restrictions.

CMCC beneficially owns or exercises control or direction over 16,506,000 Russell Shares (approximately 18.95% of the issued and outstanding Russell Shares on an undiluted basis), or which 2,000,000 are held by MPIC Canadian Limited Partnership and 14,506,000 are held by Premier. CMCC has two subsidiary companies, CMMI (100% owned by CMCC) and CMC US (65% owned by CMCC). CMMI is the general partner of MPIC Canadian Limited Partnership. CMC US is the general partner of MPIC Fund 1, LP. CMCC did not acquire any Russell Shares in the six months preceding the date of the Offer.

CMCC is control person of Premier, as it indirectly holds approximately 37.53% of the outstanding Premier Shares, and thereby may exercise control or direction over the 14,506,000 Russell Shares held by Premier. See the section titled "General Development of Premier's Business" in Schedule A, below, for more information regarding CMCC.

G. Andrew Cooke, a director of the Offeror, acquired 932,000 Russell Shares (approximately 1.07% of the issued and outstanding Russell Shares on an undiluted basis) on February 17, 2015 at a price of $0.05 in the normal course on the TSXV. Mr. Cooke sold these shares to Premier pursuant to the Purchase Agreement referred to above.

Other than as disclosed above, Premier is not aware, after reasonable inquiry of any securities of Russell purchased or sold by (i) any associate or affiliate of an insider of the Offeror, or (ii) an insider of the Offeror, other than a director or officer of the Offeror; and (iii) any person acting jointly or in concert with the Offeror during the six month period preceding the date of the Offer.

Commitments to Acquire Securities of Russell

Except as disclosed elsewhere in the Circular and pursuant to the Lock-up Agreement, the Offeror is not aware of any securities of Russell that are subject to any agreements, commitments or understandings to acquire such securities made by the Offeror or, after reasonable inquiry, by directors or senior officers of the Offeror or, to the knowledge of directors and senior officers of the Offeror, after reasonable enquiry, by (i) any associate or affiliate of an insider of the Offeror, or (ii) an insider of the Offeror, other than a director or officer of the Offeror, or (iii) any person acting jointly or in concert with the Offeror.

Description of the Lock-Up Agreement

In connection with the Offer, Premier has entered into the Lock-Up Agreement with the Locked-Up Parties owning 2,000,000 Russell Shares, or approximately 2.29% of the issued and outstanding Russell Shares (approximately 2.09% on a fully-diluted basis), pursuant to which such Locked-Up Parties have agreed to deposit or cause to be deposited their Russell Shares to the Offer. The Lock-Up Agreement sets forth, among other things, the terms and conditions upon which each of the Locked-Up Parties has agreed to deposit or cause to be deposited under the Offer all of the Russell Shares legally or beneficially owned by such Locked-Up Party or over which such Locked-Up Party exercises control or direction. The following is a summary of certain principal terms of the Lock-Up Agreement. This summary is qualified in its entirety by the full text of the Lock-Up Agreement, which has been filed by the Offeror with the applicable Securities Regulatory Authorities and is available on SEDAR at www.sedar.com under Russell's profile.

Each Locked-Up Party has agreed that until the earlier of (i) the Offeror having taken up and paid for the Russell Shares under the Offer, (ii) the termination of the Lock-Up Agreement, and (iii) the termination of the Offer, the Locked-Up Party will:

(a) not sell, transfer or create any encumbrance affecting any of the Russell Shares or relinquish or restrict the Locked-Up Party's right to vote any of the Russell Shares, other than pursuant to the Offer;

(b) take all such steps as are required to ensure that:

    (i) at the time at which the Locked-Up Party deposits the Russell Shares under the Offer, the Russell Shares will be owned beneficially by the Locked-Up Party free and clear of any and all "Liens" (as defined in the Lock-Up Agreement) and will not be subject to any shareholders' agreement, voting trust or other similar agreement or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a shareholders' agreement, voting trust or other similar agreement affecting such Russell Shares and binding on an acquirer thereof without its consent, and

    (ii) Premier will acquire any of the Russell Shares taken up and paid for by Premier under the Offer in accordance with its terms free and clear of any and all Liens; and

(c) not do indirectly that which it may not do directly in respect of the restrictions on its rights with respect to the Russell Shares pursuant to the Lock-Up Agreement by the sale of any direct or indirect holding company or the granting of a proxy on the shares of any direct or indirect holding company and which would have, indirectly, any effect prohibited by the Lock-Up Agreement

Each Locked-Up Party has further agreed that:

(a) so long as the Locked-Up Party is not entitled to withdraw the Russell Shares from the Offer, the Locked-Up Party will not and will use its commercially reasonable efforts to cause its representatives and advisors not to, directly or indirectly:

  (i) solicit, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiries, offers, expressions of interest or proposals regarding an acquisition proposal or potential acquisition proposal; or

  (ii) participate in any substantive discussions or negotiations regarding, or provide any confidential information with respect to or otherwise cooperate in any way with, any acquisition proposal or potential acquisition proposal;

(b) the Locked-Up Party will immediately cease and cause to be terminated all existing discussions and negotiations by the Locked-up Party, if any, with any person other than Premier conducted before the date of the Lock-Up Agreement with respect to an acquisition proposal;

(c) the Locked-Up Party covenants and agrees with Premier that, during the period commencing on the date of the Lock-Up Agreement and continuing until its termination, and except as otherwise contemplated therein or permitted thereunder, the Locked-Up Party:

  (i) shall not exercise any shareholder rights or remedies available at common law or pursuant to applicable Laws to delay, hinder or challenge the Offer;

  (ii) shall exercise all voting rights attached to the Russell Shares owned or controlled by the Locked-Up Party to vote against any resolution to be considered by the Russell Shareholders that, if approved, could reasonably be considered to reduce the likelihood of success of the Offer; and

  (iii) shall not take any action or fail to take any action, that would render, or that reasonably may be expected to render, any representation or warranty made by the Locked-Up Party in the Lock-Up Agreement untrue in any material respect.

The Lock-Up Agreement may be terminated:

(a) at any time by mutual consent of Premier and the Locked-Up Parties;

(b) by the Locked-Up Parties if:

  (i) Premier does not commence the Offer and mail the Offer Documents before 11:59 p.m. (EDT) on August 31, 2015; provided such failure to commence the Offer has not been caused by any act or failure to act by a Locked-Up Party;

  (ii) any representation or warranty of Premier under the Lock-Up Agreement shall have been at the date thereof untrue or incorrect in any material respect or if Premier is in default of any covenant or obligation thereunder in any material respect and, in each case, such inaccuracy or non-compliance is not curable or, if curable, not cured by the earlier of the date which is 10 days from the date of written notice of such breach and the business day prior to the Expiry Time; or

(c) by Premier if:

(i) a Locked-Up Party is in default of any covenant or obligation under the Lock-Up Agreement in any material respect or if any representation or warranty of the Locked-Up Party under the Lock-Up Agreement shall have been at the date thereof untrue or incorrect in any material respect; provided that, in the case of a default of any representation, warranty, covenant or obligation thereunder, such default is not curable or, if curable, not cured by the earlier of the date which is 10 days from the date of written notice of such default and the business day prior to the Expiry Time; or

(ii) any condition of the Offer will not be satisfied or waived (to the extent permitted by the Lock-Up Agreement) at the Expiry Time and Premier does not elect to waive such condition.

Terms and Conditions of the Bid

All terms and conditions of the Offer are disclosed above in the Offer under the section titled "Conditions of the Offer".

Payment for Deposited Securities

The Offer does not involve the payment of cash consideration by the Offeror to acquire Russell Shares. The fees and expenses incurred by Premier in making the Offer will be borne by Premier and it has sufficient cash on hand to pay such fees and expenses. The Offer is not subject to any financing condition.

Refer to the section titled "Take Up of and Payment for Deposited Securities," above, with respect to issuance of Premier Shares in payment for Russell Shares.

Right to Withdraw Deposited Securities

Rights to withdraw deposited securities under the Offer are described above under the section titled "Right to Withdraw Deposited Shares."

Trading in Securities to be Acquired

The Russell Shares are listed and posted for trading on Tier 2 of the TSXV under the symbol "RB." Based on information contained in the Russell Public Disclosure Record, as at March 31, 2015, there were approximately 87,083,788 Russell Shares outstanding. The following table sets forth the high and low closing prices and average volumes of the Russell Shares traded on the TSXV for the periods indicated:

Period	Price Range: Low ($)(1)	Price Range: High ($)(1)	Average Volume Traded(1)
May 2015	$0.06	$0.06	52,900
April 2015	$0.06	$0.06	41,100
March 2015	$0.05	$0.06	123,300
February 2015	$0.05	$0.06	174,200
January 2015	$0.05	$0.06	57,800
December 2014	$0.06	$0.07	65,500

(1) Obtained from the CSE.

At the close of business on June 25, 2015, the last business day prior to the announcement of the Offer, the closing sale price of the Russell Shares on the TSXV was $0.06. At the close of business on June 24, 2015, the last business day prior to the announcement of the Offer, the closing sale price of the Russell Shares on the TSXV was $0.055. The 10 day VWAP ended June 24, 2015 for the Russell Shares on the TSXV was $0.055. **Shareholders are urged to obtain current market quotations for the Russell Shares.**

Arrangements between the Offeror and the Directors and Officers of Offeree Issuer

There are no agreements, commitments or understandings made or proposed to be made between the Offeror, on the one hand, and any of the directors or officers of Russell or any of its subsidiaries, as applicable, on the other, and, without limiting the generality of the foregoing, no payments or other benefits are proposed to be made or given by the Offeror to any of the directors or officers of Russell by way of compensation for loss of office or remaining in or retiring from office if the Offer is successful.

Arrangements between Premier and Security Holders of Russell

The Offeror has not entered into any agreement, commitment or understanding made or proposed to be made between Premier and a Russell Shareholder relating to the bid except for the Lock-Up Agreement. Refer to the sections titled "Commitments to Acquire Securities of Russell" and "Description of the Lock-Up Agreement," above for more information about the Lock-Up Agreement.

Arrangements with or Relating to Russell

The Offeror is not aware of and does not have access to any other agreements, commitments or understandings that could affect control of Russell and that can reasonably be regarded as material to a Russell Shareholder in deciding whether or not to deposit Russell Shares under the Offer.

Other than the Lock-Up Agreement, there are no agreements, commitments or understandings relating to the Offer made or proposed to be made between the Offeror and Russell or any Russell Shareholders. Refer to the sections titled "Commitments to Acquire Securities of Russell" and "Description of the Lock-Up Agreement," above for more information about the Lock-Up Agreement.

Valuation

As at the date of this Circular, the Offeror and persons acting jointly or concert with the Offeror beneficially own approximately 16,506,000 Russell Shares, which, based on information contained in the Russell Public Disclosure Record, represents approximately 18.95% of the issued and outstanding Russell Shares. Accordingly, the Offer is an "insider bid" within the meaning of certain Canadian provincial Securities Laws, including MI 61-101, by virtue of the Offeror and the Offeror's associated entity, CMCC, being an issuer insider of Russell. The applicable Securities Laws require that, unless an exemption is available: (a) a formal valuation of the securities that are the subject of the insider bid be obtained; (b) the independent committee of the offeree issuer supervise the preparation of the formal valuation; and (c) the formal valuation be filed with the applicable Securities Regulatory Authorities and summarized or included in the Offeror's take-over bid circular (collectively, the "**Valuation Requirements**").

Exemptions from the Valuation Requirements are available under MI 61-101 where neither the Offeror nor any joint actor with the Offeror has, or has had within the preceding 12 months, any board or management representation in respect of the offeree issuer, or has knowledge of any material information concerning the offeree issuer or its securities that has not been generally disclosed. This exemption from the requirement to obtain a formal valuation is available to the Offeror for the Offer on the basis that: (a) none of the Offeror, CMCC, MPIC Canada LP nor any of their affiliates has had any board or management representation in respect of Russell; and (b) the Offeror, CMCC, MPIC Canada LP and their affiliates do not have any knowledge of any material information concerning Russell or its securities that has not been publicly disclosed by Russell.

To the knowledge of the Offeror, CMCC, MPIC Canada LP and any of their affiliates, no prior valuation (as such term is defined in MI 61-101) has been made in respect of Russell in the 24 months before the date of the Offer.

Regulatory Matters

Based upon an examination of the information available to the Offeror, the Offeror believes that the Offer is not subject to review under Part IV of the *Investment Canada Act*, nor is the Offer subject to pre-merger notification under Part IX of the *Competition Act (Canada)*. However, the Commissioner of Competition retains the right to challenge a merger under the Competition Act at any time prior to closing or within one year of the transaction having been substantially completed where the merger prevents or lessens, or is likely to prevent or lessen, competition substantially. There can be no guarantee that the Commissioner of Competition will not initiate investigations or proceedings or, if such investigations or proceedings have been initiated, what the outcome will be.

The Offeror is not aware of any licenses or regulatory permits that appear to be material to the business of Russell which might be adversely affected by the Offeror's acquisition of the Russell Shares pursuant to the Offer or of any approval or other action by any federal, provincial, state or foreign government or administrative agency that would be required prior to the acquisition of Russell Shares pursuant to the Offer.

Premier Shares to be Exchanged for Russell Shares

As Premier is making the Offer on the basis of 0.40 Premier Shares for one Russell Share, Premier is including the following disclosure to this Circular:

- Schedule A, which contains detailed information regarding Premier, its business and the Premier Shares;
- Management's Discussion and Analysis for the Six Month Period Ended March 31, 2015;
- Management's Discussion and Analysis for the Fiscal Year Ended September 30, 2014;
- Management's Discussion and Analysis for the Fiscal Year Ended September 30, 2013;
- Condensed Consolidated Interim Financial Statements for the six Months Ended March 31, 2015 (Unaudited);
- Consolidated Financial Statements for the Year Ended September 30, 2014;
- Consolidated Financial Statements for the Year Ended September 30, 2013;
- Consolidated Financial Statements for the Year Ended September 30, 2012; and
- Pro Forma Financial Statements after completion of the Offer.

Rights of Appraisal and Acquisition

Based on the Russell Public Disclosure Record, the Offeror is not aware of any rights of appraisal the security holders of Russell have under the Laws or constating document governing, or contracts binding, Russell. The Offeror does not have any rights of acquisition with respect to Russell securities.

Securities Laws in the provinces and territories of Canada provide shareholders with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those shareholders. However, such rights must be exercised within prescribed time limits. Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer. Such rights may in certain cases need to be exercised through CDS on behalf of a shareholder. Shareholders should accordingly also contact their broker or other nominee for assistance as required.

Market Purchases of Securities

For the purposes of this section, references to "the Offeror" include the Offeror and any person acting jointly or in concert with the Offeror.

The Offeror reserves the right to, and may, purchase Russell Shares subject to and as permitted by applicable laws, including by making purchases through the facilities of the TSXV, at any time and from time to time before the Expiry Time. In no event will the Offeror make any such purchases of Russell Shares through the facilities of the TSXV until the third clear trading day following the date of the Offer. The aggregate number of Russell Shares acquired by the Offeror through the facilities of the TSXV during the Offer Period will not exceed 5% of the number of Russell Shares outstanding on the date of the Offer and the Offeror will issue and file a press release containing the information prescribed by applicable securities laws immediately after the close of business of the TSXV on each day on which any such Russell Shares have been purchased.

Although the Offeror has no present intention to sell Russell Shares taken up under the Offer, it reserves the right to make or to enter into an arrangement, commitment or understanding prior to and in any event not later than the Expiry Time to sell any of such Russell Shares after the Expiry Time, subject to applicable laws. It may also grant pledges of such Russell Shares or to its lenders or others.

Other Matters Relating to the Offer – Depositary

Computershare Investor Services Inc. has been retained as the Depositary for the Offer.

The Depositary may contact Russell Shareholders by mail, telephone, telecopy, other electronic communication and personal interview and may request banks, brokers, dealers and other nominees to forward materials relating to the Offer to beneficial owners of Russell Shares. Enquiries concerning the information in the Offer Documents should be directed to the Depositary's toll-free number in North America at 1-800-564-6253 or at 1-514-982-7555.

The Depositary will (i) receive reasonable and customary compensation from the Offeror for the respective services they provide in connection with the Offer, (ii) be reimbursed for certain out-of-pocket expenses in connection therewith, and (iii) be indemnified against certain liabilities and expenses in connection therewith.

Except as expressly set forth in the Offer Documents, no broker, dealer, bank or trust company will be deemed to be an agent of the Offeror or the Depositary for the purposes of the Offer.

Russell Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Russell Shares directly with the Depositary. If a Russell Shareholder owns Russell Shares through a broker or other nominee and such broker or nominee deposits the Russell Shares on the Russell Shareholder's behalf, the broker or nominee may charge a fee for performing this service.

Other Material Facts

The Offeror does not have any knowledge of any material fact concerning securities of Russell that has not been previously generally disclosed by Russell in the Russell Public Disclosure Record or any other matter that has not previously been generally disclosed but which would reasonably be expected to affect the decision of Russell Shareholders to accept or reject the Offer.

Solicitations

Premier, or anyone acting on its behalf, has not retained any person to make solicitations regarding the Offer.

Statement of Rights

Securities Laws in the provinces and territories of Canada provide shareholders with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those shareholders. However, such rights must be exercised within prescribed time limits. Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer. Such rights may in certain cases need to be exercised through CDS on behalf of a shareholder. Shareholders should accordingly also contact their broker or other nominee for assistance as required.

APPROVAL AND CERTIFICATE OF PREMIER DIVERSIFIED HOLDINGS INC.

The contents of the Offer and Circular have been approved and the sending, communication or delivery thereof to the Russell Shareholders has been authorized by Premier Diversified Holdings Inc.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED: June 26, 2015

"*Sanjeev Parsad*"	"*Grace Xian*"
Sanjeev Parsad	Grace Xian
President and Chief Executive Officer	Chief Financial Officer

On behalf of the Board of Directors of Premier Diversified Holdings Inc.

"*Alnesh Mohan*"	"*Ian D. Robertson*"
Alnesh Mohan	Ian D. Robertson
Director	Director

SCHEDULE A – FURTHER INFORMATION CONCERNING PREMIER

Unless otherwise defined, capitalized terms in this Schedule A have the same meaning as set out in the Offer and Circular.

References to "the Company" in this Schedule A are references to Premier.

Corporate Structure

Name, Address and Incorporation

The full corporate name of the Offeror is "Premier Diversified Holdings Inc." The Offeror's former name was "Premier Diagnostic Health Services Inc."

The head office of the Offeror is located at 3rd floor, 3185 Willingdon Green, Vancouver, British Columbia, Canada V5G 4P3.

The registered and records office of the Offeror is located at c/o Robertson Neil LLP, Suite 1350-650 West Georgia Street, Vancouver, British Columbia, Canada V6B 4N8.

The Offeror was incorporated pursuant to the BCBCA on September 22, 2006 under the name "Premier Diagnostic Health Services Inc." It amalgamated with Golden Hat Resources Inc. on July 16, 2010. Premier commenced public trading on the CSE under the symbol "PDH" on November 1, 2010 as a life sciences issuer whose sole business was to operate medical diagnostic and imaging clinics. In April 2015, Premier completed a change of business to become an Investment Issuer and changed its name to Premier Diversified Holdings Inc.

At the annual and special general meeting of shareholders of Premier held on April 2, 2015, Premier adopted new Articles, which include the following provisions:

(i) The Board can make certain alterations to the Premier's authorized share structure without the need for shareholder approval, including the following:

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Issuer is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Issuer is authorized to issue out of any class or series of shares for which no maximum is established;

(c) if Premier is authorized to issue shares of a class of shares with par value:

(A) decrease the par value of those shares; or

(B) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(d) subdivide all or any of its unissued or fully paid issued shares by way of a stock dividend;

(e) change all or any of its unissued, or fully paid issued, shares with a par value into shares without par value or any of its unissued shares without par value into shares with par value;

(f) alter the identifying name of any of its shares;

(g) consolidate all or any of its unissued, or fully paid issued, shares;

(h) subdivide all or any of its unissued or fully paid issued shares, other than by way of a stock dividend; or

(i) otherwise alter its shares or authorized share structure when required or permitted to do so by the BCBCA.

(ii) The requirement that Premier purchase or redeem its shares on a pro-rata basis was deleted.

(iii) Premier may hold general meetings of shareholders outside of British Columbia.

Intercorporate Relationships

Premier has three wholly-owned subsidiaries:

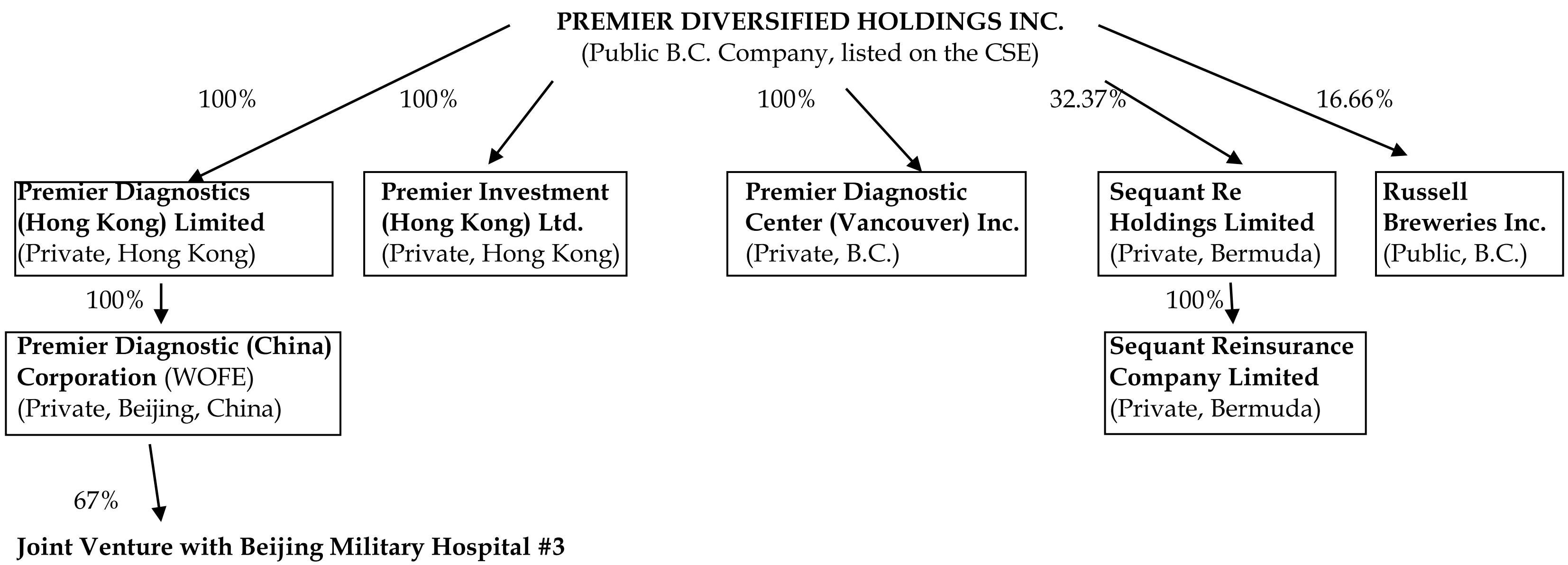
- Premier Diagnostics (Hong Kong) Limited ("**PDHK**"), a company constituted under the laws of Hong Kong, China.
- Premier Diagnostic Center (Vancouver) Inc. ("**PDC Vancouver**"), a company incorporated under the laws of British Columbia on February 25, 2014.
- Premier Investment (Hong Kong) Ltd. ("**PIHK**"), a company constituted under the laws of Hong Kong, China.

The Offeror holds a 100% interest in Premier Diagnostic (China) Corporation (a wholly-owned foreign entity) indirectly through PDHK.

The Offeror currently holds a 32.37% interest in SRHL (a company incorporated under the laws of Bermuda), which holds a 100% interest in Sequant Re (also a Bermuda company).

The Offeror currently holds a 16.66% interest in Russell, a B.C. company publicly traded on the TSXV.

The diagram below shows the intercorporate relationships of the Offeror.


PREMIER DIVERSIFIED HOLDINGS INC.
(Public B.C. Company, listed on the CSE)
100%
100%
100%
32.37%
16.66%
Premier Diagnostics (Hong Kong) Limited (Private, Hong Kong)
Premier Investment (Hong Kong) Ltd. (Private, Hong Kong)
Premier Diagnostic Center (Vancouver) Inc. (Private, B.C.)
Sequant Re Holdings Limited (Private, Bermuda)
Russell Breweries Inc. (Public, B.C.)
100%
Premier Diagnostic (China) Corporation (WOFE) (Private, Beijing, China)
100%
Sequant Reinsurance Company Limited (Private, Bermuda)
67%
Joint Venture with Beijing Military Hospital #3

General Development of Premier's Business

Description of Premier's Business

On April 2, 2015, Premier received shareholder approval to change its business to that of an Investment Issuer. Premier is engaged in the business of investing in and acquiring privately held and publicly traded companies, or the securities and/or assets of such companies. Premier may also act as a holding company (either directly or through a subsidiary) that may be active in the management of investee entities to varying degrees. Any acquisitions or investments made by Premier are subject to its Investment Policy and if required, CSE and / or shareholder approval.

Premier has adopted a written Investment Policy to govern its acquisition and investment activities. The Investment Policy provides, among other things, the investment objectives and strategy based on certain fundamental principles, which are summarized below.

Premier's investment objectives for the forthcoming 12 month period will be to seek a return from investment gains, interest income, dividend income, acquisition of other businesses, consultation fees and/or advisory services fees. Premier plans to reinvest any profits of its investments to further the growth and development of its investment portfolio and/or operating subsidiaries. Premier intends to target primarily North American private and publicly listed companies.

Premier intends to acquire equity, debt and any other investment structures or instruments that could be acquired or created. Premier may invest directly in public or private companies, partnerships or other legal entities. Premier may acquire an entity that is distressed, where a change of management or other restructuring is required to realize the value of that entity's assets. Premier may also engage in some activist investing where shareholder value is adversely affected by an entity's current board and management.

Premier's intent is that up to 33% of its portfolio will be available to the CEO to allocate into North American public securities. The remaining 67% of the portfolio will be channelled through management for final approval. Management will select all investments for submission to the Board and monitor the investment portfolio on an ongoing basis, and will be subject to the direction of the Board.

Three-year History

Prior to the change of business, Premier was a business solely focussed on the operation of medical diagnostic clinics and provision of medical diagnostic services through its wholly-owned subsidiaries, PDHK and PDC Vancouver. This business continues to be operated with a view to expansion. In Burnaby, B.C., PDC Vancouver operates a clinic which offers Positron Emission Tomography / Computed Tomography (PET/CT) scans for detection, evaluation and treatment of various diseases and medical disorders. In Beijing, China, PDHK operates a clinic which offers medical resonance imaging (MRI). PDHK operates through Premier Diagnostic (China) Corporation (a wholly-owned foreign enterprise, or "**WOFE**") at the Beijing Military Hospital #3. Premier's clinics have been operational since November 2010. Premier has recently incorporated a second wholly-owned subsidiary in Hong Kong, PIHK. The business of this subsidiary has not yet been determined.

From 2010 to 2013, Premier engaged in a series of non-brokered private placements to assist in financing its clinics. The management and Board focused on promotion of Premier's clinics and activities directed at increasing revenues from medical diagnostic scans.

In April 2014, Premier underwent a corporate reorganization, pursuant to which all of the medical diagnostic equipment and assets of the Burnaby, B.C. diagnostic clinic were transferred to PDC Vancouver, which was a newly incorporated subsidiary. The subsidiary which previously held the assets was voluntarily wound up. PDC Vancouver entered into a long term sublease of the clinic's premises and

Premier provided PDC Vancouver with capital that was sufficient to upgrade the clinic's PET/CT scanner. Effective May 22, 2014 the clinic was reopened for business under a new management team.

Premier completed a convertible debenture financing concurrently to the reorganization. In May 2014, Premier closed a non-brokered private placement of secured convertible debentures ("**May Debentures**") in the principal amount of $250,000. The May Debentures were secured, bore interest at a rate of 6%, had a maturity date of March 31, 2016 and were convertible on or prior to the maturity date at the holder's option into units of Premier, at $0.05 per unit ("**May Units**"), each May Unit consisting of one share purchase warrant ("**May Warrant**") and one Premier Share. Each May Warrant was exercisable for a period of 24 months from the date of issuance of the Debentures to purchase an additional Premier Share at $0.05. MPIC Fund 1, LP and MPIC Canadian Limited Partnership purchased May Debentures in the total principal amount of $250,000. The entire principal amount and interest of these May Debentures were subsequently converted into May Units, and all of the May Warrants were exercised.

Commencing in March 2014, Premier underwent a series of Board and management changes. Sanjeev Parsad joined the Board effective March 31, 2014; Dr. Simon Sutcliffe joined the Board as of June 1, 2014; Donald Durand joined the Board effective June 2, 2014; Alnesh Mohan joined the Board effective July 11, 2014; and Gang Yang joined the Board on August 5, 2014.

Premier also appointed new officers in May 2014, being Grace Xian (CFO) and Marta Davidson (Corporate Secretary). Sanjeev Parsad was appointed as COO on June 26, 2014. Dr. Sutcliffe became Premier's non-executive Chair as of July 24, 2014. Mr. Parsad resigned as COO and became Premier's President and CEO on September 1, 2014, completing the Board and management changes.

In July 2014, Premier completed a second convertible debenture financing. In July 2014, Premier closed a non-brokered private placement of secured convertible debentures ("**July Debentures**") in the principal amount of $200,000. The July Debentures were secured, bore interest at a rate of 6%, had a maturity date of July 9, 2016 and were convertible on or prior to the maturity date at the holder's option into units of Premier, at $0.05 per unit ("**July Units**"), each July Unit consisting of one share purchase warrant ("**July Warrant**") and one Premier Share. Each July Warrant was exercisable for a period of 24 months from the date of issuance of the July Debentures to purchase an additional Premier Share at $0.05. MPIC Fund 1, LP and MPIC Canadian Limited Partnership purchased July Debentures in the total principal amount of $200,000. The entire principal amount and interest of these July Debentures were subsequently converted into July Units, and all of the July Warrants were exercised.

In August and September 2014, PDC Vancouver completed a private placement of 500,000 Subsidiary Shares in two tranches of a total of 500,000 Class A Preferred Shares ("**Subsidiary Shares**") at $1.00 per share. Each of the Subsidiary Shares is convertible into twenty Premier Shares ("**Conversion Shares**") for two years from the date of issuance. Declared and unpaid dividends on the Subsidiary Shares, payable by PDC Vancouver, may also be converted into Premier Shares at $0.05 per Premier Share. MPIC Fund 1, LP and MPIC Canadian Limited Partnership purchased a total of 475,000 Subsidiary Shares, and DLR Capital Corporation purchased 25,000 Subsidiary Shares. All of the Subsidiary Shares were subsequently converted into Premier Shares.

CMCC indirectly holds approximately 37.53% of the outstanding Premier Shares. CMCC is a private B.C. company of which Sanjeev Parsad (President, CEO and director of Premier) and Alnesh Mohan (director of Premier) are directors, officers and majority shareholders. CMCC and the directors and management group of Premier collectively hold approximately 49.32% of the outstanding shares of Premier (on an undiluted basis).

CMCC has two subsidiary companies, CMMI (100% owned by CMCC) and CMC US (65% owned by CMCC). The directors and officers of CMMI are Messrs. Parsad and Mohan. The directors and officers of CMC US are Messrs. Parsad, Mohan and G. Andrew Cooke and Glen W. Rollins. Messrs. Cooke and Rollins are not involved in the management of CMCC or in investment decisions. Mr. Cooke is currently a director of Premier. CMMI is the general partner of MPIC Canadian Limited Partnership, which is the registered holder of 5,440,288 Premier Shares. CMC US is the general partner of MPIC Fund 1, LP, which is the registered holder of 45,697,247 Premier Shares.

In October 2014, Premier raised $8,025,910 by way of non-brokered private placement of Premier Shares. The private placement closed in two tranches. No commissions or finder's fees were paid by Premier in connection with this private placement. Financing activity continued in October 2014 with certain securityholders converting debentures and exercising share purchase warrants. Premier also engaged in debt settlement activity throughout the second half of 2014 and the first two quarters of 2015, negotiating settlements with certain creditors and issuing Premier Shares for debt to other creditors.

In December 2014, Premier acquired a 33.44% interest in SRHL for investment purposes for approximately USD$1.5M. Subsequent to the initial acquisition, SRHL has issued additional common shares to third parties which has resulted in a dilution of the Company's holdings to 32.37%. SRHL is an exempted company registered in Bermuda. SRHL's wholly owned subsidiary, Sequant Re is a reinsurance company licensed as a Class 3 commercial insurance company under the *Insurance Act 1978* (Bermuda) and registered as a segregated accounts company under the *Segregated Accounts Companies Act 2000* (Bermuda). Sequant Re underwrites various reinsurance transactions and collateralizes its obligations through the issuance of insurance-linked securities ("**ILSs**"). The ILSs are offered to third party investors, and the capital from the sale of the ILSs is used to fund the reinsurance business.

Premier has the right to appoint three directors to the board of SRHL. Premier's nominees, Alnesh Mohan, Sanjeev Parsad and G. Andrew Cooke, were appointed to the board of SRHL as of December 12, 2014. Messrs. Parsad and Mohan do not intend to participate in management or daily operations of SRHL. Mr. Cooke does participate in management via his role in SRHL's audit committee. SRHL and Premier also entered into an agreement pursuant to which any issuance of equity securities by SRHL must be approved by at least one Premier board nominee, if and for so long as Premier holds a certain percentage of SRHL's issued and outstanding shares. SRHL does not hold any securities of Premier.

On April 2, 2015, Premier received Shareholder approval to change its business to that of an investment company. Following the change of business, the Offeror is engaged in the business of investing in and acquiring privately held and publicly traded companies, or the securities and/or assets of such companies. The Offeror may also act as a holding company (either directly or through a subsidiary) that may be active in the management of investee companies to varying degrees.

Dividends or Distributions

Premier is not restricted from paying dividends. To date, Premier has not paid dividends on any of its shares and does not anticipate paying dividends on its shares in the foreseeable future. Any decision to pay dividends will be made on factors such as Premier's earnings, financial requirements and other conditions. Premier plans to reinvest the profits of its investments, if any, to further the growth and development of its investment portfolio or operating subsidiaries, rather than to pay dividends. Upon affecting a sale of an investment or upon receipt of dividends on an investment, Premier anticipates that it will reinvest the proceeds in further investments in accordance with its Investment Policy.

Management's Discussion and Analysis

The Management's Discussion and Analysis ("**MD&A**") attached as Schedules C, D and E of the financial conditions and results of operations of the Company has information and discussion as of and for the six months ended March 31, 2015 and the financial years ended September 20, 2014 and 2013. It should be read in conjunction with the Annual Audited Financial Statements and the Interim Unaudited Financial Statements included in this Circular as Schedules F, G, H and I. The Annual Audited Financial Statements and the Interim Unaudited Financial Statements and the financial information contained in this MD&A were prepared in accordance with IFRS.

The MD&A contains forward-looking statements that involve risks, uncertainties and assumptions, including statements regarding developments in the Company's operations in future periods, adequacy of financial resources and future plans and objectives of the Company. Actual results could differ materially from those discussed in these forward-looking statements due to a number of factors. There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on this forward-looking information.

Interim Management's Discussion and Analysis

The MD&A for the six months ended March 31, 2015 is attached as Schedule C.

Annual Management's Discussion and Analysis

The MD&A for the fiscal year ended September 30, 2014 is attached as Schedule D.

The MD&A for the fiscal year ended September 30, 2013 is attached as Schedule E.

Disclosure of Outstanding Security Data

As of the date of this Circular, there are 136,251,733 Premier Shares issued and outstanding as fully paid and non-assessable shares. In addition, up to a total of 6,512,222 Premier Shares are issuable upon exercise of the Stock Options (exercisable into 4,190,000 Premier Shares) and the conversion of the entire principal amount of the Convertible Debentures (principal amount exercisable into 2,322,222 Premier Shares).

Additional disclosure for junior issuers

As at March 31, 2015, the Company had sufficient working capital ($5,042,759) to fund its operations over the ensuing 12 month period. As the Company is proposing to purchase shares of Russell by way of a share exchange, it is not undertaking to raise funds at this time. In October 2014, the Company raised $8,025,910 by way of non-brokered private placements of Premier Shares. In addition, the following items should be noted:

- The Company does not have any material capital expenditures planned in the upcoming 12 month period.
- The Company does not have any cash payments relating to dividends.
- The Convertible Debenture (balance owing of $418,000) has a maturity date of July 31, 2016 and bears interest at a rate of 8% per annum payable on July 31 and December 31 each year during the term of the debt.
- The Company has a long term liability (balance owing at March 31, 2015 of $677,911). This liability relates to the cooperative joint venture agreement originally entered into by the Company and Amtex Healthcare Inc. ("**Amtex**") with respect to the Revenue Sharing Agreement and provision of an MRI scanner to the People's Republic of China Military Police Beijing Head Precinct Hospital No. 3 (the "**Hospital**") indicated that Amtex provided 30% of the financing while the Company paid for 70% of the purchase price. In return, Amtex would share in 30% of the net profit distributed from the Hospital through some legal structure. The final agreement with Amtex however was not finalized until November of 2011. The Company originally recorded 70% of the MRI equipment price as the cost of equipment in 2010. However, since the agreement was entered into in 2010 with 100% of full MRI equipment price, management determined that it should have recorded 100% of the full price and restated the cost of equipment in 2010. This would then result in recording a deferred liability consisting of the 30% financing provided by Amtex. By entering into this agreement, Amtex agreed to provide this financing and in return would share the Company's net profit distributed from the Hospital within the term of the cooperative agreement. The Company is no longer legally liable to repay Amtex this amount

of 30% financing in the future. However, 100% of the contract price is the price the Company would have paid if it was able to finance the purchase itself. As a result, 100% of the contract price would determine the fair value of the equipment purchased at the time of acquisition

Additional disclosure for issuers with significant equity investees

Investment in Associate

On December 16, 2014, the Company completed the acquisition of 3,010,000 common shares of SRHL at USD$0.50 per common share for total aggregate consideration of approximately $1,702,908 (USD$1,505,000). This acquisition resulted in the Company holding approximately 33.44% of the issued and outstanding common shares of SRHL. Subsequent to the initial acquisition, SRHL has issued additional common shares to third parties, which has resulted in a dilution of the Company's holdings to 32.37%.

SRHL is a Bermuda-based global reinsurance company incorporated to develop and manage its wholly-owned subsidiary Sequant Re. Sequant Re is a reinsurance company licensed as a Class 3 commercial insurance company under the *Insurance Act 1978* (Bermuda) and registered as a segregated accounts company under the *Segregated Accounts Companies Act 2000* (Bermuda). Sequant Re uses its unique segregated account structure to underwrite various reinsurance transactions and collateralize its obligations through the issuance of insurance-linked securities (or "**ILS**"). The ILSs are offered to third party investors to access the capital needed to fund the reinsurance business.

The following is a summary of the investment in associate for the six months ended March 31, 2015 (unaudited):

	Sequant Re Holdings Limited	
	in USD	**in CAD**
Initial investment	$ 1,505,000	$ 1,702,908
Share of loss	(222,805)	(274,528)
Dilution effect	(47,982)	(59,725)
Balance as at March 31, 2015	**$ 1,234,213**	**$ 1,368,655**

As at March 31, 2015, the Company holds a 32.37% interest in SRHL.

The Company has the right to appoint three directors to the board of SRHL, provided that it holds a minimum of 10% of the issued and outstanding common shares. The Company's nominees, Alnesh Mohan, Sanjeev Parsad and G. Andrew Cooke, were appointed to the board of SRHL as of December 12, 2014. Mr. Mohan is a director of the Company, Mr. Parsad is a director and officer of the Company and Mr. Cooke is a director and deemed insider of the Company. Mr. Cooke has been appointed to act as Chairman of the Audit and Financial Committee of SRHL and will oversee the financial management of SRHL. Messrs. Parsad and Mohan do not participate in management or daily operations of SRHL. The purchase of the shares of SRHL was for investment purposes.

The following table summarizes the financial information of SRHL for the six months ended March 31, 2015 (unaudited):

	March 31, 2015 in USD	March 31, 2015 in CAD
Assets		
Current assets	$ 1,306,000	$ 1,651,045
Non-current assets	1,035,925	1,309,616
	2,341,925	2,960,661
Liabilities		
Current liabilities	485,932	614,315
Non-current liabilities	-	-
	485,932	614,315
Loss for the period	$ 924,623	$ 1,134,327

Description of the Securities Distributed

Premier has one class of shares outstanding: common shares. Premier is authorized to issue an unlimited number of Premier Shares without par value. As at the date of the Circular, a total of 136,251,733 Premier Shares were issued and outstanding. All of the Premier Shares rank equally as to voting rights, participation in a distribution of the assets of Premier on a liquidation, dissolution or winding-up of Premier and the entitlement to dividends. The holders of the Premier Shares are entitled to receive notice of all meetings of shareholders and to attend and vote the Premier Shares at the meetings. Each Premier Share carries with it the right to one vote.

In the event of the liquidation, dissolution or winding-up of Premier or other distribution of its assets, the holders of the Premier Shares will be entitled to receive, on a pro rata basis, all of the assets remaining after Premier has paid out its liabilities. Distribution in the form of dividends, if any, will be set by the board of directors.

Consolidated Capitalization

Since the date of the Interim Financial Statements (March 31, 2015) for Premier's most recently completed financial period included in the Circular, Premier issued 80,000 Premier Shares pursuant to a Stock Option exercise. Other than the loan of $40,000 to its wholly-owned subsidiary PDHK, there has been no material change in Premier's loan capital since the date of the Interim Financial Statements.

Designation of Security	Amount Authorized	Amount outstanding as the date of the Circular	Number / Amount to be outstanding after giving effect to the Offer(1)
Common Shares	Unlimited	136,251,733	154,016,825

(1) Based on 51% (44,412,731) of the currently issued and outstanding Russell Shares (87,083,788) being tendered under the Offer resulting in the issuance of 17,765,092 Premier Shares.

Prior Sales

The following table shows the dates and prices at which securities of Premier have been sold within 12 months before the date of the Circular.

Security Type	Number of Securities Issued or Sold	Date of Issue or Sale	Price per Security	Gross Proceeds to Company
Premier Shares	80,000	May 14, 2015	$0.05	$4,000(11)
Premier Shares	100,000	February 25, 2015	$0.25	Nil(1)
Premier Shares	9,196,885	October 24, 2014	$0.05(2)	$459,844
Units	9,196,885(3)	October 22, 2014	$0.05 (3)	N/A(3)
Premier Shares	10,110,000	October 22, 2014	$0.05(4)	N/A(4)
Premier Shares	10,480,361	October 17, 2014	$0.18	$1,886,465
Premier Shares	34,108,028(5)	October 2, 2014	$0.18	$6,064,745
Premier Shares	3,000,000	August 8, 2014	$0.05(6)	N/A(6)
Premier Shares	1,238,486(7)	July 28, 2014	$0.045(7)	N/A(7)
Convertible Debenture	$200,000(8)	July 9, 2014	$0.05(9)	$200,000
Premier Shares	250,000	June 20, 2014	$0.08(10)	N/A(10)
Convertible Debenture	$250,000(8)	May 1, 2014	$0.05(9)	$250,000

(1) Issued as bonus shares to a director and officer of Premier in recognition of work done in 2014.

(2) Issued pursuant to a warrant exercise.

(3) Each Unit consisting of one Premier Share and one Premier Share purchase warrant, issued on conversion of certain convertible debentures, at a conversion rate of one Unit for $0.05 of principal amount and interest payable.

(4) Issued on conversion of certain Subsidiary Shares, at a deemed price of $0.05 per Premier Share.

(5) Of which 415,000 were issued as a debt settlement at a rate of $0.18 of debt per Premier Share.

(6) Issued as bonus shares to a director of Premier at a deemed price of $0.045 per Premier Share pursuant to the Consulting Agreement.

(7) Issued as a debt settlement at a rate of $0.05 of debt per Premier Share.

(8) Principal amount of the convertible debenture.

(9) Conversation rate of the principal amount and interest.

(10) Issued as a debt settlement at a rate of $0.08 of debt per Premier Share.

(11) Issued on exercise of Stock Options.

Trading Price and Volume

The following table provides information with respect to Premier's trading history on the CSE for the last twelve months.

Period	Price Range: Low ($)	Price Range: High ($)	Volume Traded
May 2015	0.19	0.23	108,584
April 2015	0.205	0.25	645,751
March 2015	0.20	0.25	644,381

Period	Price Range: Low ($)	Price Range: High ($)	Volume Traded
February 2015	0.21	0.28	542,454
January 2015	0.215	0.29	339,535
December 2014	0.175	0.25	1,144,791
November 2014	0.17	0.205	927,733
October 2014	0.17	0.22	574,103
September 2014	0.045	0.25	2,633,545
August 2014	0.045	0.045	97,916
July 2014	0.035	0.055	361,983
June 2014	0.035	0.04	318,000
May 2014	0.015	0.05	304,665

Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

As of the date of this Circular, the table below shows the number of securities of Premier that, to Premier's knowledge, are subject to escrow or a contractual restriction on transfer, and the percentage that number represents of the outstanding securities of that class. These Premier Shares will remain in escrow until released in accordance with the terms of the Consulting Agreement.

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of Class
Common shares	3,000,000[(1)]	2.20%

(1) These Shares are held in escrow by Quantum Advisory Partners LLP and, subject to fulfillment of certain conditions, will be released from escrow on August 1, 2015.

Voting Securities and Principal Holders of Voting Securities

To the knowledge of the directors and executive officers of Premier, as of the date of the Circular, the following persons beneficially own, or control or direct, directly or indirectly, Premier Shares carrying more than 10% of the voting rights attached to all outstanding Premier Shares:

Prior to the Offer			After Giving Effect to the Offer		
Name	**Number of securities beneficially owned, controlled or directed, directly or indirectly(1)**	**Percentage of securities beneficially owned, controlled or directed, directly or indirectly(1)**	**Number of securities beneficially owned, controlled or directed, directly or indirectly (Undiluted)(2)**	**Percentage of securities beneficially owned, controlled or directed, directly or indirectly (Undiluted)(2)**	**Percentage of securities beneficially owned, controlled or directed, directly or indirectly (Fully diluted)(3)**
Corner Market Capital Corp.	51,137,535 Common Shares(4)	37.53%	Common Shares	33.20%	31.86%
Corner Market Capital US Inc.	45,697,247 Common Shares(4)	33.54%	Common Shares	29.67%	28.47%

(1) On an undiluted basis, based on 136,251,733 Premier Shares issued and outstanding as at the date of the Circular.

(2) On an undiluted basis, based on 51% (44,412,731) of the currently issued and outstanding Russell Shares (87,083,788) being tendered under the Offer resulting in the issuance of 17,765,092 Premier Shares for a total of 154,016,825 Premier Shares issued and outstanding on completion of the Offer and assuming the securityholder tenders all of its Russell Shares to the Offer.

(3) On a fully diluted basis, assuming exercise of all outstanding Stock Options into 4,190,000 Premier Shares and conversion of all of the principal amount of the Convertible Debentures into 2,322,222 Premier Shares for a total of 160,529,047 Premier Shares outstanding on completion of the Offer.

(4) Of which 45,697,247 Premier Shares are held indirectly through Corner Market Capital US Inc., a partially-owned subsidiary of Corner Market Capital Corp.

CMCC is a private B.C. company of which Sanjeev Parsad (President, CEO and director of Premier) and Alnesh Mohan (director of Premier) are directors, officers and majority shareholders.

CMCC has two subsidiary companies, CMMI (100% owned by CMCC) and CMC US (65% owned by CMCC). The directors and officers of CMMI are Messrs. Parsad and Mohan. The directors and officers of CMC US are Messrs. Parsad, Mohan and Cooke and Glen W. Rollins. Messrs. Cooke and Rollins are not involved in the management of CMCC or in investment decisions. Mr. Cooke is a director of Premier. CMMI is the general partner of MPIC Canadian Limited Partnership, which is the registered holder of 5,440,288 Premier Shares. CMC US is the general partner of MPIC Fund 1, LP, which is the registered holder of 45,697,247 Premier Shares.

CMCC holds Russell Shares indirectly through CMMI and Premier.

Directors and Officers

Name, Occupation and Security Holding

The Board presently consists of seven directors. The following table sets forth the name of each Premier's directors and executive officers, their respective positions and offices in Premier, their province or state and country of residence, principal occupation at present and during the preceding five years, the period during which they have served as a director, and the number of Premier Shares that the individual has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the date of the Circular.

Each director holds office until the next annual general meeting of Premier Shareholders or until their successor is duly elected, unless their office is earlier vacated in accordance with the Articles of Premier or the provisions of the corporate law to which Premier is subject.

Name, Position(s) (current and former) with the Company and Place of Residence[1]	**Principal Occupation for the last five years**[1]	**Director / Officer Since (mm/dd/yy)**	**Ownership or Control Over Voting Shares Held**[1]
G. ANDREW COOKE[12] Director Arlington, Virginia, USA	Director of Corner Market Capital U.S. Inc. (a private equity firm) Director of Sequant Re Holdings Limited Former Treasurer of Lumbermens Mutual Group (formerly Kemper Insurance) Independent Consultant to Fairfax Financial subsidiaries Cunningham Lindsey, Fairmont Specialty and TIG	04/02/15	47,611,714[6][7]
MARTA C. DAVIDSON Corporate Secretary Port Moody, B.C. Canada	Lawyer with Robertson Neil LLP Lawyers & Trade Mark Agents	05/21/15	55,555
DONALD DURAND[3] Director North Vancouver, B.C. Canada	Consultant with Insigniam (a company which provides management consultant services) President of Viewscape Management Consulting Inc. (a company providing consulting services specializing in leadership coaching, organizational dynamics and corporate development)	06/02/14	Nil
ALNESH MOHAN[2][3][4][12] Director Burnaby, B.C. Canada	Partner, Quantum Advisory Partners LLP (a professional services firm providing outsourced CFO, financial advisory, accounting, tax, and internal audit services) CFO of Hudson Resources Inc., Romulus Resources Ltd., Commander Resources Ltd., Highbury Projects Inc. and Twyford Ventures Inc. (all listed on the TSX Venture Exchange) Director of Corner Market Capital Corp. (a private equity firm) Director of Corner Market Capital U.S. Inc. (a private equity firm) Director of Sequant Re Holdings Limited (a reinsurance provider)	07/11/14	51,337,535[7][8][9]

Name, Position(s) (current and former) with the Company and Place of Residence(1)	Principal Occupation for the last five years(1)	Director / Officer Since (mm/dd/yy)	Ownership or Control Over Voting Shares Held(1)
SANJEEV PARSAD(2)(4)(5)(12) Director, President and CEO Former COO Surrey, B.C., Canada	President and CEO of Premier Former COO of Premier Director of Corner Market Capital Corp. (a private equity firm) Director of Corner Market Capital U.S. Inc. (a private equity firm) Director of Sequant Re Holdings Limited (a reinsurance provider) National Director of Dakshana Canada (a non-profit organization)	Director: 03/31/14 President and CEO: 09/01/14	51,237,535(7)(8)(10)
IAN D. ROBERTSON(2)(3)(4) Director Former Corporate Secretary and Non-executive Chair West Vancouver, B.C., Canada	Partner, Robertson Neil LLP Lawyers & Trade Mark Agents	03/27/13	2,090,504(11)
DR. SIMON SUTCLIFFE(4)(5) Director and Non-Executive Chair Vancouver, B.C. Canada	Former President and CEO of the B.C. Cancer Agency	06/01/14	Nil
XIANG RONG (GRACE) XIAN CFO West Vancouver, B.C. Canada	Current CFO of Premier Former Senior Manager of Premier from 2013-2014	05/21/14	Nil
GANG YANG(5) Director Beijing, China	General Manager and director of Premier Diagnostics (Hong Kong) Limited Managing director of Premier Diagnostic (China) Corporation Former CEO, Siemens Finance and Leasing Ltd.	08/05/14	3,000,000

(1) The information as to province or state and country of residence, principal occupation and number of shares beneficially owned by the nominees (directly or indirectly or over which control or direction is exercised) is not within the knowledge of the management of Premier and has been provided by the respective nominees.

(2) Members of Premier's Audit Committee.

(3) Members of Premier's Compensation Committee.

(4) Members of Premier's Corporate Governance Committee.

(5) Members of Premier's Executive Committee.

(6) Of which 1,914,467 Premier Shares are held by Mr. Cooke.

(7) Of which 45,697,247 Premier Shares are held indirectly by Corner Market Capital U.S. Inc., a private company of which Mr. Cooke is a director, Mr. Mohan is a director and officer and Mr. Parsad is a director and officer.

(8) Of which 5,440,288 Premier Shares are held indirectly by Corner Market Management Inc., a private company of which Messrs. Mohan and Parsad are each directors and officers.

(9) Of which 200,000 Premier Shares are held directly by Mr. Mohan.

(10) Of which 100,000 Premier Shares are held directly by Mr. Parsad.

(11) All of which are held by DLR Capital Corporation, a private company in which Mr. Robertson is a director and officer.

(12) Members of Premier's Investment and Acquisition Committee.

Corner Market Capital Corp. ("**CMCC**") indirectly holds approximately 37.53% of the outstanding Premier Shares. CMCC is a private B.C. company of which Sanjeev Parsad (President, CEO and director of Premier) and Alnesh Mohan (director of Premier) are directors, officers and majority shareholders. CMCC and the directors and management group of Premier collectively hold 58,498,061 Premier Shares, approximately 42.93% of the outstanding shares of Premier (on an undiluted basis).

CMCC has two subsidiary companies, Corner Market Management Inc. ("**CMMI**") (100% owned by CMCC) and Corner Market Capital U.S. Inc. ("**CMC US**") (65% owned by CMCC). The directors and officers of CMMI are Messrs. Parsad and Mohan. The directors and officers of CMC US are Messrs. Parsad, Mohan and Cooke and Glen W. Rollins. Messrs. Cooke and Rollins are not involved in the management of CMCC or in investment decisions. Mr. Cooke is a director of Premier. CMMI is the general partner of MPIC Canadian Limited Partnership, which is the registered holder of approximately 5,440,288 Premier Shares. CMC US is the general partner of MPIC Fund 1, LP, which is the registered holder of approximately 45,697,247 Premier Shares.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than set out below, as at the date of the Circular none of the directors or executive officers of Premier:

(a) is, or within the ten years prior to the date of this Circular has been, a director, CEO or CFO of any company, including Premier, that:

  (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, CEO or CFO; or

  (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as a director, CEO or CFO.

Other than as set out below, no director or executive officer of Premier, or a shareholder holding a sufficient number of securities of Premier to affect materially the control of Premier:

(b) is, at the date of the Circular, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including Premier, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or

(c) has, within the ten years prior to the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

For the purposes of this section, "order" means (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Premier was the subject of a cease trade order issued by the B.C. Securities Commission on February 6, 2014 for failure to file a comparative financial statement for its financial year ended September 30, 2013, as required under Part 4 of NI 51-102, and failure to file a Form 51-102F1 Management's Discussion and Analysis for the period ended September 30, 2013, as required under Part 5 of NI 51-102. This cease trade order was revoked on April 23, 2014.

Premier was the subject of a cease trade order issued by the Ontario Securities Commission on February 27, 2014 for failure to file a comparative financial statement for its financial year ended September 30, 2013, failure to file a Form 51-102F1 Management's Discussion and Analysis for the period ended September 30, 2013, and the corresponding certifications. This cease trade order was revoked on April 28, 2014.

Ian D. Robertson was a director of Premier during the time the foregoing cease trade orders were issued. Sanjeev Parsad was appointed as a director on March 31, 2014, after the foregoing cease trade orders were issued, but during the time they were still in force.

Conflicts of Interest

As of the date of this Circular, the Board is not aware of any existing material conflicts of interest between Premier and a subsidiary of Premier and a director or officer of Premier or of a subsidiary of Premier.

The services provided by the Board and management are not be exclusive to Premier and as such, there exists potential for conflicts of interest to arise in the ordinary course of business between Premier and a subsidiary of Premier and a director or officer of Premier or of a subsidiary of Premier.

The directors and management of Premier who do not work full-time for the Company will be devoting such time as may be required to effectively manage Premier. Certain of the directors and management are engaged and will continue to be engaged in the search for investments for themselves and on behalf of others, including other private and public corporations. Accordingly, conflicts of interest may arise from time to time.

Premier does not currently plan to invest in entities in which a Board member may already have a material direct investment or interest, other than Russell, but may do so in the future. Any potential investments where there is a material conflict of interest involving management or the Board may only proceed after receiving approval from disinterested directors of the Board. Premier is also subject to any applicable stock exchange policies regarding "related party" transactions, and applicable securities laws. All members of the Board will be obligated to disclose any interest in the potential investment and act in accordance with applicable corporate laws and with the Company's Code of Ethics and Business Conduct and the Company's Code of Conduct and Disclosure of Conflicts of Interest Policy.

Management of Junior Issuers

Further to the information provided above, the following are profiles of the directors and executive officers of Premier, including a description of each individual’s principal occupation within the past five years.

Sanjeev Parsad, Director, President and CEO (Age: 45)

Sanjeev Parsad joined the Board on March 31, 2014. He is the founder and president of Corner Market Capital Corporation, a private equity firm that manages private investment funds in Canada and the USA, and he is the founder and owner of "The Corner of Berkshire & Fairfax" investor online forum, with over 2,200 members. Mr. Parsad is the National Director of the non-profit organization Dakshana Canada. Mr. Parsad was profiled in a chapter of Andrew Kilpatrick's book "Of Permanent Value," an anthology on Warren Buffett and Berkshire Hathaway; John Mihaljevic's "The Manual of Ideas; and Guy Spier’s "The Education of a Value Investor".

Mr. Parsad devotes 80% of his time to the Company. Mr. Parsad is an employee of Premier and is party to an Employment Agreement with Premier that contains non-competition and non-disclosure provisions.

Alnesh Mohan, Director (Age: 44)

Alnesh Mohan is a Chartered Accountant and has over 20 years of accounting, auditing, and tax experience providing advisory services to a wide array of clients. Acting on behalf of several public companies listed on the TSX Venture Exchange, Mr. Mohan has considerable experience in financial reporting, corporate governance and regulatory compliance. He is a founding partner of Quantum Advisory Partners LLP and worked for over a decade with several large public accounting firms. Most recently he spent four years with KPMG LLP in Vancouver as a tax manager providing corporate and personal tax consulting and compliance services to clients both in Canada and the United States.

Mr. Mohan devotes 10% of his time to Premier. Mr. Mohan is not an employee of Premier. A private company controlled by Mr. Mohan, A Mohan Professional Accounting Corp., is party to a written consulting agreement with Premier. Mr. Mohan has not entered into any non-competition or non-disclosure agreements with Premier.

Simon Sutcliffe, M.D., FRCP, FRCP(C), FRCR, Director (Age: 68)

A distinguished clinician and scientist, Dr. Simon Sutcliffe joined the Board as of June 1, 2014. He is well regarded as a leader in cancer control. A graduate of St. Bartholomew's Hospital, London, England in 1970, Dr. Sutcliffe's training encompassed internal medicine, scientific research, medical and radiation oncology in the UK, South Africa, US and Canada. Dr. Sutcliffe has held staff appointments at St. Bartholomew's Hospital, Princess Margaret Hospital/Ontario Cancer Institute and the BC Cancer Agency.

Dr. Sutcliffe is past President and CEO of the BC Cancer Agency (2000-2009), and prior to that, he was President and CEO of Ontario Cancer Institute/Princess Margaret Hospital (1994-1996). He chairs the Board of the Institute for Health Systems Transformation and Sustainability; is President of the International Cancer Control Congress Association, the International Network for Cancer Treatment and Research–Canada Branch (Two Worlds Cancer Collaboration); is a Senior Advisor to the Terry Fox Research Institute and is Chief Medical Officer for QuBiologics Inc. and Omnitura Inc. He is a past Chair of the Board of the Canadian Partnership Against Cancer (CPAC, 2009-2012), the Michael Smith Foundation for Health Research (MSFHR, 2006-7) and has served on the Boards of CPAC, MSFHR and Genome BC. He is an Adjunct Clinical Professor at the University of British Columbia and an Associate Scientist with the Michael Smith Genome Sciences Centre at the BC Cancer Agency.

Dr. Sutcliffe was awarded the Queen Elizabeth 50th Jubilee Gold Medal in 2003, and the Terry Fox Award of the BC Medical Association in 2009 for his lifetime services to cancer control.

Dr. Sutcliffe devotes 5% of his time to Premier. Dr. Sutcliffe is not an employee of Premier and is not party to any written consulting agreements with Premier. Dr. Sutcliffe has not entered into any non-competition or non-disclosure agreements with Premier.

Gang Yang, Director (Age: 45)

Yang, Gang joined the Board effective August 5, 2014. Mr. Yang serves as a member of the Executive Committee of the Board. Mr. Yang is also a consultant of both Premier Diagnostics (Hong Kong) Limited and Premier Diagnostic (China) Corporation and participates in the senior management of Premier's Chinese subsidiaries including the newly formed PIHK. Mr. Yang's most recent experience was as the CEO of the financial services division of Siemens Financial based in China. Mr. Yang has experience in new venture development, general management and strategic investments and is a highly-regarded executive with over 20 years' experience in state and multi-national companies.

Mr. Yang is a Chinese national and fluent in Mandarin. He holds an MBA from the Richard Ivey School of Business, University of Western Ontario, Canada, a BA from Jilin University China, and has completed a number of advanced training and development courses in law, finance and leadership. Mr. Yang holds numerous other appointments, including as a guest professor in finance at the China University of International Business and Economics, and in leading China asset finance and business associations.

Mr. Yang devotes 70% of his time to Premier. Mr. Yang is a consultant to Premier and is party to the Consulting Agreement with Premier that contains non-competition and non-disclosure provisions.

G. Andrew Cooke, Director (Age: 53)

Andrew Cooke is a Chartered Accountant and has over 25 years of accounting and finance experience. He was previously Treasurer of Lumbermens Mutual Group (formerly Kemper Insurance). He has also acted as an independent consultant to Fairfax Financial subsidiaries Cunningham Lindsey, Fairmont Specialty & TIG from 2002 to 2005. Andrew has been a director of Corner Market Capital U.S. Inc. since 2008 and a director of Sequant Re since December 2014

Mr. Cooke will devote 10% of his time to Premier. Mr. Cooke is not an employee of Premier and is not party to any written consulting agreements with Premier. Mr. Cooke has not entered into any non-competition or non-disclosure agreements with Premier.

Donald Durand, Director (Age: 45)

Don Durand joined the Board as of June 2, 2014. Mr. Durand is a consultant with Insigniam, a company which provides management consultant services with a focus on helping Fortune 1000 companies create leadership effectiveness and cultures that are able to achieve breakthrough results in performance. Prior to that, Mr. Durand was the President of Viewscape Management Consulting Inc., a company which provides management consultant services in several industry areas, including oil & gas, engineering services and high technology. Mr. Durand has extensive international experience serving as a director on several boards and has acted in various officer positions. His appointments include serving as President from November 2007 to present, of Buchanan Renewables Fuel Group (Liberia), a company specializing in wood biomass exportation using agri-waste, and serving as President and COO of the Transnational Automotive Group (Cameroon). Mr. Durand has served as a Captain (Combat Engineering) in the Canadian Armed Forces. In addition to his management consulting business, he is also presently the Executive in Residence at the Beedie School of Business at Simon Fraser University.

Mr. Durand devotes 5% of his time to Premier. Mr. Durand is not an employee of Premier and is not party to any written consulting agreements with Premier. Mr. Durand has not entered into any non-competition or non-disclosure agreements with Premier.

Ian D. Robertson, Director (Age: 70)

Mr. Robertson brings over 40 years of industry and legal experience to Premier, including in the craft brewing industry, having served as a director and/or officer to Granville Island Brewing Company Ltd. (formerly listed on the Vancouver Stock Exchange), International Potters Distilling Corp. (formerly listed on the TSE) and Pacific Western Brewing Company (formerly listed on the Vancouver Stock Exchange).

Mr. Robertson has been a director and officer of DLR Capital Corp., an investment company, since 1986 and since 2003 he has been managing partner of Robertson Neil LLP, a Vancouver law firm.

Mr. Robertson began his legal career in 1971 in Winnipeg, Manitoba. From 1975 to 1984 he was an associate and partner at Alexander Holburn Beaudin & Lang LLP. He was the founding partner of the law firm of Robertson Ward Suderman (1984 to 1990) where he acted as managing partner from 1984 to 1989. In 1990 Robertson Ward Suderman merged with Lang Michener LLP (now McMillan LLP) and from 1990 to 1992 he served on the national executive of the firm.

From 1991 to 1993 he was the President and CEO of Calgary based Canadian Turbo/Payless Gas/Columbia Fuels. From 1993 to 1995 he was President and CEO of Diva Systems Canada Inc., a VOD service provider based in Menlo Park, California and from 1995 to 1997. Mr. Robertson was Chairman of NST Network Services Ltd. of Chicago, Illinois, a fibre network construction company.

From 1997 to 2003, he was the Founder, Vice-Chairman and CEO of Novus Communications Inc. (now Novus Entertainment Inc.), a communications company that provides voice, video and data services in Metro Vancouver. During his tenure at Novus Communications Inc., the company built an extensive high count fibre optic network throughout Vancouver.

Over the past 30 years, Mr. Robertson has served as a director and officer to numerous public and private companies in Canada, including: a2b Fiber Inc., Fiberlynx Communications Ltd., North American Helium Inc., General Western Industries (formerly listed on the Vancouver Stock Exchange), InterCable Communications Ltd. (TSE), Rainmaker Digital Pictures and Rainmaker Income Trust, Gunpoint Exploration Ltd. (TSXV), and Golden Harp Resources Inc. (TSXV). Mr. Robertson has also been a director of the Royal British Columbia Museum, the Safer Home Standards Society, and the Canadian Petroleum Products Institute. He has a Bachelor of Laws degree from the University of Manitoba (1971).

Mr. Robertson devotes 10% of his time to Premier. Mr. Robertson is not an employee of Premier and is not party to any written consulting agreements with Premier. Mr. Robertson has not entered into any non-competition or non-disclosure agreements with Premier. Robertson Neil LLP provides legal services to Premier pursuant to a written retainer agreement.

Grace Xian, CFO (Age: 44)

Grace Xian received an Engineering degree with a focus on Management Information Systems from the prestigious Tsinghua University, China in 1993. She also received an MBA from Tsinghua University's School of Economics and Management in 2003. Ms. Xian has engineering and contract management experience in Canada and China, having worked as a project manager in the construction of power stations. Ms. Xian also has extensive enterprise management experience working in positions such deputy general manager and vice president of a US subsidiary of a major Chinese corporation and deputy general manager of human resources of the Chinese parent company. Ms. Xian originally joined the Company in May 2013 as the senior manager for International Affairs and Development.

Ms. Xian devotes 100% of her time to Premier. Ms. Xian is an employee of Premier and is party to an Employment Agreement with Premier that contains non-competition and non-disclosure provisions.

Marta Davidson, Corporate Secretary (Age: 35)

Marta Davidson is a Vancouver-based lawyer whose practice focuses on corporate finance / securities and communications law. Ms. Davidson has been an associate with Robertson Neil LLP since September 2010 and a partner since October 2014. Prior to that, she was an associate lawyer practicing corporate finance and securities law with the Vancouver firm of Clark Wilson LLP (2007 to 2009). From 2006 to 2007, Ms. Davidson was in-house counsel to a group of publicly traded junior mining issuers listed on the TSXV. She articled with Stikeman Elliott LLP, a national Canadian law firm, and was called to the Bar of British Columbia in 2006.

Ms. Davidson holds a Bachelor of Laws degree from Bond University, Australia and a Master of Laws degree (Internet and copyright law) from the University of British Columbia.

Ms. Davidson devotes 40% of her time to Premier. Ms. Davidson is not an employee of Premier and is not party to any written consulting agreements with Premier. Ms. Davidson has not entered into any non-competition or non-disclosure agreements with Premier. Robertson Neil LLP provides legal services to Premier pursuant to a written retainer agreement.

Executive Compensation

Named Executive Officers

During the financial year ended September 30, 2014, the following were NEOs of Premier:

- Denis Tusar (former President and CEO);
- Sanjeev Parsad (President and CEO as of September 1, 2014 and COO from June 26, 2014 to September 1, 2014);
- Daniel Waters (former CFO);
- Grace Xian (CFO and Vice-President, China Operations as of May 21, 2014); and
- Gang Yang (General Manager of China Operations as of August 5, 2014).

Compensation Discussion and Analysis

Compensation Program Objectives

The objectives of Premier's executive compensation program are as follows:

(i) to attract, retain and motivate talented and accountable executives who create and sustain Premier's continued success;

(ii) ensure a significant portion of executive compensation is dependent upon individual and overall corporate performance;

(iii) to align the interests of Premier's executives with the interests of Premier's securityholders;

(iv) to provide total compensation to executives that is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions; and

(v) offer a compensation program that meets the interests of all stakeholders in a manner that is low maintenance and complements Premier's corporate culture.

Overall, the compensation program aims to meet compensation packages for executives with similar talents, qualifications and responsibilities at companies with similar financial, operating and industrial characteristics.

All of the NEOs have entered into executive employment agreements, except Gang Yang, with Premier and/or one or more of its subsidiaries. Mr. Yang has entered into a consulting agreement with Premier and certain of its subsidiaries.

Purpose of the Compensation Program

Premier's executive compensation program has been designed to reward executives for reinforcing Premier's business objectives and values, for achieving Premier's performance objectives, for creating and contributing to a corporate culture of integrity, respect and ethical conduct, and for their individual performances.

Elements of Compensation Program

The executive compensation program consists of a fixed component, in the form of an annual salary, and components that are variable, being the award of non-equity (cash) and/or equity-based bonuses (Shares or other securities), and Stock Option incentives.

Purpose of Each Element of the Executive Compensation Program

The base salary of an NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration so that the NEO has a regular, reliable income. In setting the base salary of each Named Executive Officer, the Board considers the responsibilities, performance and experience of the Named Executive Officer; historical compensation and contractual commitments; the recommendations of Premier's Compensation Committee; and such other factors as the Board considers relevant, including input from the relevant NEO. In considering base salary levels, the Board does not use any formal or specific weighting of the above factors. The base salaries are reviewed annually.

In addition to a fixed base salary, certain NEOs are contractually eligible, pursuant to their respective employment or consulting agreements (as applicable), to receive a performance-based bonus meant to motivate the NEO to achieve short-term goals. All NEOs are also eligible to receive a discretionary bonus awarded entirely at the discretion of the Board. Such bonuses are determined by reference to recommendations from the Compensation Committee, overall company performance, performance of the subsidiary by which the NEO is employed (or consults for) and the NEO's individual performance. Bonuses may be awarded in cash, securities of Premier, or a combination of both.

Stock Options are generally awarded to NEOs on an annual basis based on performance measured against set objectives. The granting of Stock Options upon hire aligns rewards made to NEOs with an increase in shareholder value over the long term. It is Premier's practice to make any Stock Options granted on hire subject to vesting provisions over several years. The use of Stock Options encourages and rewards performance by aligning an increase in each NEO’s compensation with increases in Premier’s performance and in the value of the shareholders’ investments.

Determination of the Amount of Each Element of the Executive Compensation Program

In determining the amount of each element of the compensation program, the Board relies heavily on the recommendations of Premier's Compensation Committee. The Compensation Committee is comprised of three directors: Donald Durand, Alnesh Mohan and Ian D. Robertson, who are independent directors. The Committee is responsible for reviewing the adequacy and form of compensation paid to Premier’s executives and key employees, and ensuring that such compensation realistically reflects the responsibilities and risks of such positions. In fulfilling its responsibilities, the Compensation Committee evaluates the performance of the chief executive officer and other senior management in light of corporate goals and objectives, and makes recommendations with respect to compensation levels based on such evaluations.

The base salary review of each NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base salary is not evaluated against a formal peer group. The Compensation Committee relies on the general experience of its members in setting base salary amounts.

In determining whether to award the grant of a performance-based bonus to an NEO, the Compensation Committee uses certain criteria including Company performance, functional area performance and individual performance. The NEO may also make submissions to the Compensation Committee and may refuse the bonus in whole or in part.

Company performance is generally measured by reference to four key performance indicators (the "**Company Performance Targets**") based on internal management financial statements:

1. Net earnings;
2. Net profit margin;
3. Net profit per employee or employee hours or work; and
4. Increase in per share book value.

Company performance is generally **not** measured by reference to revenue, gross margin, adjusted EBITDA and market capitalization. The Board and Compensation Committee consider that the first three of these factors may be easily manipulated and are therefore not reliable indicators of Company performance. For example, a company may make a cash offer for another company with larger revenues, higher gross margins and EBITDA than itself and thereby create a short term boost in these factors. Market capitalization is also not used because the Board and Compensation Committee consider that market capitalization reflects short-term market sentiment, not the ability or efforts of the particular NEO.

Functional area performance is generally measured by reference to five key performance indicators (the "**Functional Area Performance Targets**"):

1. Achievement of goals and objectives;
2. Continuous improvement;
3. Contribution to building capabilities, increasing capacity and improvement;
4. Adherence to budget; and
5. Maintenance of a healthy corporate culture of integrity, respect and ethical conduct throughout Premier.

Individual performance bonus is generally measured by reference to the four following factors relating to an individual NEO's performance (the "**Individual Performance Targets**"):

1. Contribution to Premier's strategy;
2. Contribution to key Premier's issues;
3. Attention to values, principles and policies; and
4. Delivery against objectives set out in an individual executive officer's annual work plan and otherwise communicated to an individual executive officer.

There is no formal weighting of the Company Performance Targets, Functional Area Performance Targets or Individual Performance Targets in determining NEO performance, but rather the Board of Directors and Compensation Committee, as appropriate, make a subjective assessment of these indicators.

Premier has established the Stock Option Plan under which Stock Options are granted to directors, officers, employees and consultants as an incentive to serve Premier in attaining its goal of improved shareholder value. The Board, based on recommendations of the Compensation Committee, where appropriate, determines which NEOs (and other persons) are entitled to participate in the Stock Option Plan; the number of options granted to such individuals; the date on which each option is granted; the corresponding exercise price; and vesting provisions. The Board makes these determinations subject to the provisions of the Stock Option Plan and, where applicable, the policies of the CSE. Previous grants of option-based awards are taken into account when considering new grants.

<u>Link to Overall Compensation Objectives</u>

Each element of the executive compensation program has been designed to meet one or more objectives of the overall program. The fixed base salary of each NEO, combined with the granting of Stock Options, and potential for bonus awards, has been designed to provide total compensation which the Board believes is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions.

<u>Compensation Related Risks</u>

Neither the Board nor the Compensation Committee has proceeded to a formal evaluation of the implications of the risks associated with Premier's compensation policies and practices. The Board considers risk management when implementing its compensation program. As of the date of this Circular, Premier has not identified any risks arising from its compensation policies and practices that are reasonably likely to create or give rise to a material adverse effect on Premier, and the Board and the Compensation Committee do not believe that Premier’s compensation program results in unnecessary or inappropriate risk.

Premier has the same compensation policies and practices for all business units and executive officers.

Some of the methods used to mitigate the risks created by compensation policies and practices which could encourage a Named Executive Officer or individuals at a principal business unit to take inappropriate risks or excessive risks include periodic oversight and monitoring of the business through (i) regular Premier senior executive meetings to review operating performance, (ii) subsidiary level management meetings and board meetings which involve senior executive personnel from Premier, (iii) updates made to the Board as to operations at every Board meeting, and (iv) requiring Board approval for all major corporate decisions.

Financial Instruments

Premier has not implemented a policy to prohibit the Named Executive Officers and directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by any Named Executive Officer or director. Premier is not aware of any purchases of such financial instruments by any Named Executive Officer or any director.

Benefits and Perquisites

Other components of compensation include personal benefits as determined by the Board that are consistent with the overall compensation strategy, including health and dental benefits. Premier has adopted an Expense and Fiscal Responsibility Policy, which lays out Premier's policies with respect to employee expenses and reimbursement, expense reporting, expense approval, and includes guidelines with respect to appropriate travel and other expenses. Premier does not provide any pension or retirement benefits to the Named Executive Officers.

Premier does not believe that perquisites and benefits should represent a significant portion of the compensation package.

Share-based and Option-based Awards

At its discretion, and subject to approvals of the CSE, where required, the Compensation Committee may provide NEOs with incentive awards. Such awards may include option-based awards, share-based awards or non-equity awards such as cash bonus incentives. Currently, Premier provides long-term incentives to NEOs through option-based awards granted pursuant to the Stock Option Plan and through issuance of bonus Shares.

Stock Option grants are made on the basis of the number of Stock Options currently held, position, overall individual performance, anticipated contribution to Premier’s future success and the individual’s ability to influence corporate and business performance. The purpose of granting such Stock Options is to assist Premier in compensating, attracting, retaining and motivating the officers, directors, employees and consultants of Premier and to closely align the personal interest of such persons to the interest of the Shareholders.

The recipients of incentive Stock Options and the terms of the Stock Options granted are determined from time to time by the Board, which is responsible for administering the Stock Option Plan.

Refer also to the section titled "Determination of the Amount of Each Element of the Executive Compensation Program," above.

Compensation Governance

The Board has appointed a Compensation Committee comprised of three directors, Donald Durand (Chair), Alnesh Mohan and Ian D. Robertson, all of which are independent directors. The Compensation Committee has adopted a Compensation Committee Charter and Terms of Reference. The Compensation Committee has responsibility for oversight of Premier's overall human resources policies and procedures as well as review of executive and key employee compensation and compensation, if any, of Premier's independent directors. The Compensation Committee meets at least once a year and otherwise as required.

The members of the Compensation Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members hold or have held senior roles within public or private companies, and all current and proposed members have a good understanding of compensation programs. They also have good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members' combined experience provides them with the understanding of Premier's success factors and risks, which is very important when determining metrics for measuring success.

Donald Durand has significant direct management experience, having acted as President of Viewscape Management Consulting Inc. since 2004. Viewscape provides consulting services specializing in leadership coaching, organizational dynamics and corporate development.

Alnesh Mohan is a Chartered Accountant with extensive public company experience and a high level of financial literacy, currently acting as CFO for five TSX Venture Exchange listed issuers. Mr. Mohan also has direct management experience as a partner of Quantum Advisory Partners LLP, a professional services firm.

Ian D. Robertson has previously held management and director positions with several private and public companies. Mr. Robertson's public company experience includes director and officer positions with eight different issuers. His private company experience includes positions with Canadian Turbo/Payless Gas/Columbia Fuels, Diva Systems Canada Inc., NST Network Services Ltd., Novus Communications Inc. (now Novus Entertainment Inc.) and a2b Fiber Inc. He has acted as managing partner of several law firms, including currently as managing partner of Robertson Neil LLP.

Summary Compensation Table

The following table discloses, for the financial years ended September 30, 2012, 2013 and 2014, the total compensation received in each of those years by the Named Executive Officers.

					Non-equity incentive plan compensation ($)				
Name and Principal Position	Year	Salary ($)	Share–based awards ($)	Option-based awards ($)	Annual incentive plans	Long-term incentive plans	Pension value ($)	All other compensation ($)	Total compensation ($)
Sanjeev Parsad, President & CEO	2014	$24,500	$25,000[1]	$5,247[2]	N/A	N/A	N/A	$25,000[3]	$79,747
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Denis Tusar, Former President & CEO	2014	$104,000	Nil	Nil	N/A	N/A	N/A	$6,834[4]	$110,834
	2013	$96,000	Nil	$34,937	N/A	N/A	N/A	$19,067[5]	$150,004
	2012	$93,000	Nil	Nil	N/A	N/A	N/A	$18,415[6]	$111,415
Daniel Waters, Former CFO	2014	$56,000	Nil	Nil	N/A	N/A	N/A	$2,500[3]	$58,500
	2013	$54,250	Nil	$7,487	N/A	N/A	N/A	Nil	$61,737
	2012	$36,750	Nil	Nil	N/A	N/A	N/A	Nil	$36,750
Xiang Rong (Grace) Xian, CFO	2014	$50,850	Nil	$5,247[2]	N/A	N/A	N/A	Nil	$56,097
	2013	$15,123	Nil	N/A	N/A	N/A	N/A	Nil	$15,123
	2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gang Yang, General Manager, China Operations	2014	$34,569	$135,000[7]	$31,481[8]	N/A	N/A	N/A	Nil	$201,050
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) 100,000 Shares were awarded as a year-end bonus with a fair value of $0.25 per Share on the date of grant.

(2) 150,000 Stock Options were awarded with a fair value $5,247 on the date of grant using the Black-Scholes option pricing model.

(3) Year-end cash bonus.

(4) Includes a vehicle allowance of $3,979 and club fees of $2,854.

(5) Includes a vehicle allowance of $9,468 and club fees of $9,598.

(6) Includes a vehicle allowance of $10,819 and club fees of $ 7,595.

(7) 3,000,000 Shares were awarded as a signing bonus with a fair value of $0.045 per Share on the date of issue.

(8) 700,000 Stock Options were awarded with a fair value of $31,481 on the date of grant using the Black-Scholes option pricing model.

Narrative Discussion

Sanjeev Parsad was appointed President and CEO of Premier on September 1, 2014 and was paid a salary based on $51,000 per year (including for his role as COO from June 26, 2014 to September 1, 2014), included in the column titled "Salary" in the table above. See the section titled "Termination and Change of Control Benefits", below, for additional details regarding Mr. Parsad's Employment Agreement.

Premier’s former CEO, Denis Tusar, resigned from his position as President and CEO on September 1, 2014, having earned a salary of $104,000 in 2014. "All other compensation" in the table above includes payments for car allowance and a club membership. Mr. Tusar did not receive a severance payment in connection with his resignation as CEO. Mr. Tusar continues to serve Premier as CEO of Premier

Diagnostics (Hong Kong) Limited and director and CEO of Premier Diagnostic (China) Corporation. See the section titled "Termination and Change of Control Benefits," below, for additional details regarding Mr. Tusar's Employment Agreement.

Grace Xian was appointed CFO of Premier on May 21, 2014 and was paid an annual salary of $50,850 per year, included in the column title "Salary" in the table above.

Premier's former CFO, Daniel Waters, resigned from his position as CFO on May 21, 2014, having earned a salary of $56,000 in 2014. Mr. Waters did not receive a severance payment in connection with his resignation as CFO. Mr. Waters continues to serve Premier as Controller.

Gang Yang was appointed a director of Premier on August 5, 2014 and Mr. Yang acts as General Manager of Premier's Chinese subsidiaries. Although Mr. Yang is not an executive officer of Premier, he is considered an NEO because his total compensation at the end of the most recently completed financial year was, individually, more than $150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6. See the section titled "Termination and Change of Control Benefits," below, for additional details regarding Mr. Yang's Consulting Agreement.

Incentive Plan Awards

<u>Outstanding share-based awards and option-based awards</u>

The following table sets forth information, for each NEO, in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year.

	Option-based Awards				Share-based Awards		
Name	**Number of securities underlying unexercised options**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)(1)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**	**Market or payout value of vested share-based awards not paid out or distributed ($)**
Sanjeev Parsad, President & CEO	150,000 Shares	$0.05	July 11, 2019	$21,964	N/A	N/A	$25,000
Denis Tusar, Former President & CEO	700,000 Shares	$0.05	May 10, 2018	$102,500	N/A	N/A	N/A
Daniel Waters, Former CFO	150,000 Shares	$0.05	May 10, 2018	$21,964	N/A	N/A	N/A
Xiang Rong (Grace) Xian, CFO	150,000 Shares	$0.05	July 11, 2019	$21,964	N/A	N/A	N/A
Gang Yang, General Manager, China Operations	700,000 Shares	$0.05	August 1, 2019	$102,500	N/A	N/A	N/A

(1) The value of the unexercised in-the-money options has been calculated based on the 10 day volume weighted average price (ending September 30, 2014) in respect of the Shares on the CSE (being the price of $0.196429).

Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards, share-based awards and non-equity incentive plan compensation for each NEO during the most recently completed financial year.

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Sanjeev Parsad, President and CEO	Nil(1)	$25,000	$25,000
Denis Tusar, Former President and CEO	Nil(2)	Nil	Nil

Xiang Rong (Grace) Xian, CFO	Nil[(1)]	Nil	Nil
Daniel Waters, Former CFO	Nil[(2)]	Nil	$2,500
Gang Yang, General Manager, China Operations	Nil[(3)]	$135,000	Nil

(1) On the vesting date, July 11, 2014, the market price of the Shares was $0.035, less than the exercise price of $0.05, and so the Option-based awards have a nil value vested during the year.

(2) On the vesting date, May 10, 2014, the market price of the Shares was $0.015, less than the exercise price of $0.05, and so the Option-based awards have a nil value vested during the year.

(3) No options vested during the year.

Sanjeev Parsad was granted 150,000 Stock Options on July 11, 2014 with an exercise price of $0.05 per Premier Share. The options expire on July 11, 2019 and are subject to a vesting schedule. 50,000 Stock Options vested on the date of grant; 50,000 will vest on July 11, 2015 and 50,000 will vest on July 11, 2016. Mr. Parsad was also awarded a cash bonus of $25,000 for his work for Premier in 2014, and a bonus of 100,000 Premier Shares issued at a deemed price of $0.25.

Denis Tusar holds 700,000 Stock Options, which were granted on May 10, 2013 with an exercise price of $0.05 per Premier Share. The options expire on May 10, 2018 and are subject to a vesting schedule. 140,000 Stock Options vested on the date of grant; 140,000 vested on May 10, 2014; 140,000 will vest on May 10, 2015; 140,000 will vest on May 10, 2016; and 140,000 will vest on May 20, 2017.

Grace Xian was granted 150,000 Stock Options on July 11, 2014 with an exercise price of $0.05 per Premier Share. The options expire on July 11, 2019 and are subject to a vesting schedule. 50,000 Stock Options vested on the date of grant; 50,000 will vest on July 11, 2015 and 50,000 will vest on July 11, 2016.

Daniel Waters holds 150,000 Stock Options, which were granted on May 10, 2013 with an exercise price of $0.05 per Premier Share. The options expire on May 10, 2018 and are subject to a vesting schedule. 140,000 Stock Options vested on the date of grant; 140,000 vested on May 10, 2014; 140,000 will vest on May 10, 2015; 140,000 will vest on May 10, 2016; and 140,000 will vest on May 20, 2017.

Gang Yang was granted 700,000 Stock Options on August 1, 2014 with an exercise price of $0.05 per Premier Share. The options expire on August 1, 2019 and are subject to a vesting schedule. 233,334 will vest on August 1, 2015; 233,333 will vest on August 1, 2016; and 233,333 will vest on August 1, 2017. Mr. Yang was also issued 3,000,000 Premier Shares as a signing bonus at a deemed price of $0.045 per Premier Share. These Premier Shares are subject to escrow and, subject to fulfillment of certain conditions, will be released from escrow on August 1, 2015.

Pension Plan Benefits

Premier does not have either a Defined Benefits Pension Plan or a Defined Contribution Plan.

Termination and Change of Control Benefits

Premier or its subsidiaries are party to employment agreements (the "**Employment Agreements**") with each of the Named Executive Officers except for Gang Yang: Sanjeev Parsad, Denis Tusar, Grace Xian and Daniel Waters (together, the "**Employees**"). The Employment Agreements provide for termination for just cause and terminate automatically in the event of death. None of the Employment Agreements provide for payments to an NEO in connection with a change in control of Premier or a change in the NEO's responsibilities.

The Employment Agreement between Mr. Parsad and Premier, and between Mr. Tusar and Premier, also provide for automatic termination in the case of permanent disability.

Mr. Parsad's Employment Agreement further provides that in the event of termination without cause for any reason, Premier will pay to him a severance payment equal to 12 months base salary, 12 months performance bonus (if any, as may be awarded by Premier in its discretion) and an amount equal to 12 months of benefits (currently, the only benefits Mr. Parsad receives are payment of provincial medical services plan premiums and health / dental benefits). Premier may elect to provide Mr. Parsad with written working notice in lieu of the foregoing, or a combination of written working notice and pay in lieu of notice. If a termination without cause had taken place at September 30, 2014, the estimated payment owing to Mr. Parsad, in addition to all accrued compensation to date, would have been approximately $152,405. Mr. Parsad's Employment Agreement does not provide for payment of any perquisites.

Mr. Tusar's Employment Agreement was entered into for a term commencing on September 1, 2014 and ending on April 30, 2015. The parties elected to renew the Employment Agreement for a subsequent term which expires on April 30, 2016. Under the renewal terms, certain perquisites previously payable to Mr. Tusar under the Employment Agreement, such as a car allowance, were removed in keeping with Premier's policy of not paying perquisites to its employees. Either Premier or Mr. Tusar may elect not to renew the Employment Agreement beyond the current term. In the event of non-renewal by Premier for any reason, then Mr. Tusar will be entitled to receive a severance payment of 12 months base salary. If such a termination had taken place at September 30, 2014, the estimated payment owing to Mr. Tusar, in addition to all accrued compensation to date, would have been approximately $90,000.

Gang Yang, an NEO, is party to the Consulting Agreement. Mr. Yang's Consulting Agreement may be terminated at any time by Premier for any reason, and upon such termination Mr. Yang will be entitled to receive an amount equal to six months of his monthly consulting fee, his annual consulting fee (prorated to the date of termination) and any bonus payable under the Consulting Agreement. If such termination had taken place at September 30, 2014, the estimated payment owing to Mr. Yang, in additional to all accrued compensation to date, would have been approximately $103,707.

All of the Employees are subject to confidentiality, non-competition and non-solicitation provisions pursuant to their respective Employment Agreements.

Upon termination of his Employment Agreement, Mr. Parsad is subject to non-competition and non-solicitation clauses of 24 months. Upon termination of his Employment Agreement, Mr. Tusar is subject to non-competition and non-solicitation clauses of 12 months. Upon termination of their Employment Agreements, both Ms. Xian and Mr. Waters are subject to non-competition and non-solicitation clauses of 6 months.

Upon termination of his Consulting Agreement, Mr. Yang is subject to non-competition and non-solicitation clauses of 12 months.

Director Compensation

Directors

<u>Current Directors</u>

As at the end of the most recently completed financial year, the Company had the following directors who were not NEOs ("**non-executive directors**"):

- Donald Durand, appointed June 2, 2014;
- Alnesh Mohan, appointed July 11, 2014;
- Ian Robertson, appointed March 27, 2013; and

- Dr. Simon Sutcliffe, appointed June 1, 2014.

Former Directors

During the financial year ended September 30, 2014, the following individuals served as non-executive directors:

- Maya Butterfield, who served from March 29, 2012 to January 16, 2014;
- Ross Greenwood, who served from March 29, 2011 to August 5, 2014; and
- Geoffrey Waters, who served from March 29, 2011 to June 26, 2014.

Director Compensation Table

The following table sets forth information with respect to all amounts of compensation provided to the non-executive directors of the Company for the most recently completed financial year.

Name	Fees Earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Maya Butterfield	Nil	Nil	Nil	Nil	N/A	Nil	Nil
Donald Durand	Nil	Nil	$5,247	Nil	N/A	Nil	$5,247
Ross Greenwood	Nil	Nil	Nil	Nil	N/A	Nil	$5,247
Alnesh Mohan	Nil	Nil	$5,247	Nil	N/A	Nil	$5,247
Ian D. Robertson	Nil	Nil	Nil	Nil	N/A	$155,937(1)	$155,937
Dr. Simon Sutcliffe	Nil	Nil	$5,247	Nil	N/A	Nil	$5,247
Geoffrey Waters	$96,000(2)	Nil	Nil	Nil	N/A	$8,975(3)	$104,975

(1) The Company engaged the law firm of Robertson Neil LLP, of which Ian Robertson is a partner. The total fees payable to Robertson Neil LLP during the most recently completed financial year by the Company and its subsidiaries were $155,937, of which $132,075 was actually paid; of that amount, $45,171 was paid in cash and the remainder was paid in Shares. The total fees actually incurred by the Company and its subsidiaries during the most recently completed financial year were $272,351.

(2) Mr. Waters earns a salary as the President and General Manager of Premier Diagnostic Center (Vancouver) Inc., and was the former COO of the Company.

(3) Consists of a monthly car allowance paid to Mr. Waters.

The Board is responsible for the review and assessment of compensation for the members of the Board, however the final approval of Board compensation is made by the independent directors of the Board. Currently, the Board has determined that directors will not be paid any fees for retainer, committee service, service as chair of the Board or a committee or for meeting attendance. Directors may be reimbursed for any reasonable out-of-pocket expenses incurred in the performance of their duties, in accordance with the Company's Expense and Fiscal Responsibility Policy.

Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table sets forth information in respect of all share-based awards and option-based awards to non-executive directors outstanding during the most recently completed financial year ended September 30, 2014, other than NEOs.

	Option-based Awards				**Share-based Awards**		
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)[3]**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**	**Market or payout value of vested share-based awards not paid out or distributed ($)**
Maya Butterfield	200,000	$0.05	05/10/2018[4]	Nil[4]	N/A	N/A	N/A
Don Durand	150,000	$0.05	07/11/2019	$21,964	N/A	N/A	N/A
Ross Greenwood	200,000	$0.05	05/10/2018[5]	$11,714[5]	N/A	N/A	N/A
Alnesh Mohan	150,000	$0.05	07/11/2019	$21,964	N/A	N/A	N/A
Ian D. Robertson	550,000[1]	$0.05	05/10/2018	$80,536	N/A	N/A	N/A
Dr. Simon Sutcliffe	150,000[2]	$0.05	07/11/2019	$21,964	N/A	N/A	N/A
Geoffrey Waters	700,000	$0.05	05/10/2018	$102,500	N/A	N/A	N/A

(1) Held by DLR Capital Corporation, a non-reporting company in which Mr. Robertson is a director and officer.

(2) Held by Sutcliffe Holdings Inc., a non-reporting company in which Dr. Sutcliffe is a director and officer.

(3) The value of the unexercised in-the-money options has been calculated based on the 10 day volume weighted average price (ending September 30, 2014) in respect of the Shares on the CSE (being the price of $0.196429).

(4) These options were cancelled effective April 16, 2014 upon Ms. Butterfield's resignation as director and are no longer outstanding. The expiry date noted above is the original expiry date.

(5) Following Mr. Greenwood's resignation, the Board determined that his vested options (80,000) will expire on May 21, 2015. The expiry date noted above is the original expiry date. Mr. Greenwood exercised the 80,000 vested options in May 2015 prior to their expiry.

Non-executive directors may be granted option-based awards or share-based awards. Currently, the Company provides long-term incentives to non-executive directors through option-based awards granted pursuant to the Stock Option Plan. The Board applies the same considerations to grants to non-executive directors as it does to grants to NEOs, as discussed above.

Messrs. Durand and Mohan, and Dr. Sutcliffe, were each granted 150,000 Stock Options on July 7, 2014 with an exercise price of $0.05 per Premier Share. The options expire on July 7, 2019 and are subject to a vesting schedule. 50,000 Stock Options vested on the date of grant; 50,000 will vest on July 7, 2015 and

50,000 will vest on July 7, 2016. Dr. Sutcliffe's Stock Options are held through Sutcliffe Holdings Inc., a private company in which Dr. Sutcliffe is a director and officer.

Mr. Robertson was granted 550,000 Stock Options on May 10, 2013 with an exercise price of $0.05 per Premier Share. The options expire on May 10, 2018 and are subject to a vesting schedule. 110,000 Stock Options vested on the date of grant; 110,000 vested on May 10, 2014; 110,000 will vest on May 10, 2015; 110,000 will vest on May 10, 2016; and 110,000 will vest on May 20, 2017. Mr. Robertson's Stock Options are held through DLR Capital Corporation, a private company in which Mr. Robertson is a director and officer.

Ms. Butterfield, a former director, was granted 200,000 Stock Options on May 10, 2013 with an exercise price of $0.05 per Premier Share. The options originally expired on May 10, 2018 and were subject to a vesting schedule. However, upon Ms. Butterfield's resignation, her options were cancelled as of April 16, 2014.

Mr. Greenwood, a former director, was granted 200,000 Stock Options on May 10, 2013 with an exercise price of $0.05 per Premier Share. The options originally expired on May 10, 2018 and were subject to a vesting schedule. 40,000 Stock Options vested on the date of grant; 40,000 vested on May 10, 2014; 40,000 will vest on May 10, 2015. The remaining 80,000 were supposed to vest as follows: 40,000 on May 10, 2016; and 40,000 on May 20, 2017. However, upon Mr. Greenwood's resignation, the Board determined his vested options will expire as of May 21, 2015. The Board's practice is to allow Stock Options to expire 30-90 days following resignation of directors. Due to Mr. Greenwood's long service to the Company, the Board determined to extend the expiry date of Mr. Greenwood's vested Stock Options for a period that was longer than usual. In May 2015, Mr. Greenwood exercised the vested 80,000 Stock Options with gross proceeds to the Company of $4,000.

Mr. Waters, a former director, was granted 700,000 Stock Options on May 10, 2013 with an exercise price of $0.05 per Premier Share. The options originally expired on May 10, 2018 and were subject to a vesting schedule. 140,000 Stock Options vested on the date of grant; 140,000 vested on May 10, 2014; 140,000 will vest on May 10, 2015; 140,000 will vest on May 10, 2016; and 140,000 will vest on May 20, 2017. The Stock Options were not cancelled following Mr. Waters' resignation as director of PDH, as he continues to serve as a director and officer of the Company's wholly-owned subsidiary, Premier Diagnostic Center (Vancouver) Inc.

Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each non-executive director during the most recently completed financial year.

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Maya Butterfield	Nil(1)	Nil	Nil
Don Durand	Nil(2)	Nil	Nil
Ross Greenwood	Nil(1)	Nil	Nil
Alnesh Mohan	Nil(2)	Nil	Nil
Ian D. Robertson	Nil(1)	Nil	Nil
Dr. Simon Sutcliffe	Nil(2)	Nil	Nil
Geoffrey Waters	Nil(1)	Nil	Nil

(1) On the vesting date, May 10, 2014, the market price of the Shares was $0.015, less than the exercise price of $0.05, and so the Option-based awards have a nil value vested during the year.

(2) On the vesting date, July 11, 2014, the market price of the Shares was $0.035, less than the exercise price of $0.05, and so the Option-based awards have a nil value vested during the year.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out, as of the end of the most recently completed financial year, all required information with respect to compensation plans under which equity securities of the Company are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	4,650,000	$0.05	8,386,937
Equity compensation plans not approved by security holders	Nil	N/A	700,000(1)
Total	4,650,000		9,086,937

(1) Pursuant to the Consulting Agreement, Gang Yang, a director and NEO of the Company, is entitled to increase his shareholding position in Premier by up to an additional 700,000 Shares of Premier for each year of service, not including Shares he may purchase on the open market, through private sale or otherwise than pursuant to the Consulting Agreement. Provided that Mr. Yang is in compliance with the Consulting Agreement and meets all performance targets and goals as set out therein, Premier will issue him share purchase warrants or other convertible equity securities to purchase up to 700,000 Premier Shares for each year of service (the "**Warrants**"). The exercise price of any such annual Warrant grant will be the maximum permitted discounted market price (as based on applicable stock exchange policies or securities laws), and such Warrant grants will be subject to all required exchange, regulatory and shareholder approvals.

Statement of Corporate Governance Practices

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board is of the view that the Company's general approach to corporate governance, summarized below as required by Form 58-101F2, is appropriate and substantially consistent with objectives reflected in National Policy 58-201, *Corporate Governance Guidelines* (the "**Guidelines**").

Board of Directors

The Guidelines recommend that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with Premier. A "material relationship" means a relationship which could, in the view of Premier's board of directors, reasonably interfere with the exercise of a member's independent judgement.

The Board is currently composed of seven directors, the majority of which (Donald Durand, Alnesh Mohan, Ian Robertson, Simon Sutcliffe and G. Andrew Cooke) are "independent", as such term is defined in NI 52-110. Sanjeev Parsad is not considered to be "independent" since he serves as an executive officer of the Company. Gang Yang is not considered to be "independent" since he participates in the management of the Company’s Chinese subsidiaries.

The Board facilitates independent supervision of management through Board meetings, including in-camera discussions among non-executive directors, and through informal discussions among Board members and management. All Board members have free access to discuss any matters related to the Company with the external auditors, legal counsel and any executive officer.

Directorships

The following current director is presently a director of the other reporting issuer listed below:

Director	Reporting Issuer
Ian D. Robertson	Gunpoint Exploration Ltd.

Orientation and Continuing Education

The Board has not adopted a formal orientation or continuing education program. New directors are provided with information regarding the Company’s business, corporate strategy and current issues. Incumbent directors provide orientation on an informal basis and new members may also meet with management to discuss matters as they see fit. New directors are directed to review the Company’s current disclosure documents, recent minutes of Board meetings or consent resolutions, and are provided with copies of all written policies and codes in place.

Existing Board members are provided with regular updates on the Company’s operations at Board meetings. Directors may also participate in relevant continuing education courses at the Company’s expense, as may be approved from time to time.

Ethical Business Conduct

The Board has adopted a Code of Conduct and Disclosure of Conflicts of Interest Policy. This Code applies to directors and senior officers and specifically addresses duties and responsibilities of individual directors, conduct of senior officers and directors and includes conflict of interest guidelines and compliance with the BCBCA.

The Board has also adopted a Code of Ethics and Business Conduct which applies to all directors, senior officers, employees and consultants of the Company. This Code includes a policy on inside information and securities trading, quiet and blackout periods and a whistleblower policy.

Both Codes may be found on www.sedar.com under the Company's profile.

Nomination of Directors

The Corporate Governance Committee and the Board are jointly responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of shareholders. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the required time, show support for the Company’s mission and strategic objectives, and a willingness to serve.

The Board does not have a separate Nominating Committee.

Compensation

The Compensation Committee has responsibility for oversight of the Company's human resources policies and procedures, as well as review of executive and key employee compensation. The Compensation Committee may retain independent advisors as it deems appropriate to discharge its responsibilities. The Compensation Committee makes recommendations to the Board, which ultimately approves any compensation arrangements. The Board also periodically reviews the Company's compensation strategy, objectives and policies, and implements changes as needed.

Other Board Committees

In addition to the Compensation Committee, the Board has formed an Audit Committee, Corporate Governance Committee, Executive Committee and Investment and Acquisition Committee. The Corporate Governance Charter sets out three major objectives for the committee:

(1) The Committee will monitor and evaluate the Company's corporate governance policies and procedures and propose improvements as appropriate. For the purposes of the Committee's mandate, "corporate governance" means the process and structure used to direct and manage the business and affairs of the Company.

(2) The Committee will be a forum for the concerns of individual directors of the Company about matters which may not be appropriate for discussion in full meetings of the Board, including the performance of management or individual members of management or the performance of the Board or individual directors.

(3) The Committee will be responsible for recommending candidates for election to the Board with a view to assuring that the Company has sufficient strength on the Board to provide the corporate governance necessary to assist the Company to achieve its short and long-term goals.

The Corporate Governance Committee ("**CG Committee**") meets at least annually at the Chair's request. The CG Committee may engage and compensate, at the Company's expense, and with the approval of the Chair, any outside advisor or expert as it deems necessary to permit it to carry out its duties. The CG Committee has the authority to make recommendations to the Board, but does not have any decision-making authority. The CG Committee will report to the Board at the Board's next meeting the proceedings of any meeting of the CG Committee and all recommendations to the Board made by the CG Committee at such meeting. On an annual basis, the Board will review the CG Committee's Charter and make those changes that it determines appropriate.

Assessments

No formal program currently exists for assessing the effectiveness of Premier's Board. The Board, largely through the Non-executive Chairman (Dr. Simon Sutcliffe), takes steps to satisfy itself that the Board as a whole, its committees and individual members are performing effectively through informal monitoring, including monitoring of attendance at, and participation in, Board and committee meetings.

The Board may also invite members of executive management to attend portions of its meetings for the purpose of discussing (and implementing changes as needed) to Board composition, function and contribution to corporate governance.

The Board regularly monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the board and its committees.

Audit Committee

A summary of the responsibilities and activities and the membership of the Audit Committee is set out below, as required by Form 52-110F2 *Disclosure by Venture Issuers*. The Charter of the Audit Committee is attached as Schedule B.

Composition of the Audit Committee

The following are the members of the Audit Committee:

Member's Name	Independence Status	Financial Literacy
Alnesh Mohan (Chair)	Independent[(1)]	Financially literate[(1)]
Sanjeev Parsad	Not Independent[(1)]	Financially literate[(1)]
Ian Robertson	Independent[(1)]	Financially literate[(1)]

(1) As defined by National Instrument 52-110 ("**NI 52-110**").

Relevant Education and Experience

As a result of their education and experience, each member of the Audit Committee has familiarity with, an understanding of, or experience with:

- the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and provisions;
- the review or evaluation of financial statements, that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements; and
- internal controls and procedures for financial reporting.

Alnesh Mohan is a Chartered Accountant with over 20 years of accounting, auditing, and tax experience including extensive public company experience and a high level of financial literacy. Mr. Mohan currently acts as CFO for five TSX Venture Exchange listed issuers. Mr. Mohan is a partner of Quantum Advisory Partners LLP, a professional services firm. Prior to establishing Quantum Advisory Partners LLP, Mr. Mohan spent over 10 years working within the Big 4 public accounting firms.

Ian Robertson is a lawyer and has previously held management and director positions with several private and public companies, including participation in audit committees. Mr. Robertson's public company experience includes director and officer positions with eight different issuers. He has acted as managing partner of several law firms, including currently as managing partner of Robertson Neil LLP.

Sanjeev Parsad has a working knowledge of Canadian securities regulations through his position with CMCC, a private equity firm, which he has been involved with since 2006. CMCC has conducted several private financings. Mr. Parsad has a high level of investment knowledge and is the founder and owner of "The Corner of Berkshire & Fairfax" investor online forum, with over 2,200 members. Mr. Parsad was profiled in a chapter of Andrew Kilpatrick's book "Of Permanent Value," an anthology on Warren Buffett and Berkshire Hathaway; John Mihaljevic's "The Manual of Ideas," and Guy Spier's "The Education of a Value Investor."

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

In the following table:

- "Audit Fees" refers to the aggregate fees billed by the Company's external auditor for services provided in each of the last two fiscal years for audit fees.
- "Audit-Related fees" refers to the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and not included under "Audit Fees."
- "Tax Fees" refers to the aggregate fees billed in each of the last two fiscal years by the Company's external auditor for professional services rendered for tax compliance, tax advice and tax planning.
- "All Other Fees" refers to the aggregate fees billed in each of the last two fiscal years by the Company's external auditor for products and services not included in the foregoing categories.

The aggregate fees billed by the Company's external auditors for audit fees and non-audit services are as follows:

Financial Year Ended	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
September 30, 2014	$31,500	Nil	Nil	Nil
September 30, 2013	$31,500	Nil	Nil	Nil

Exemption

The Company is relying on the exemption from full compliance with NI 52-110 granted for venture issuers under Part 6.1 of NI 52-110.

Risk Factors

The Company's business as an Investment Issuer is subject to a number of significant risk factors, and an investment in Premier will involve a high degree of risk. Investors should carefully consider each of such risks and all of the information in this Circular before tendering their Russell Shares in exchange for Premier Shares under the Offer. The success of Premier will depend to a large extent on the expertise, ability, judgment, discretion, integrity and good faith of its management.

The value of the Premier Shares will fluctuate based on the value of Premier's investment portfolio and general market conditions. There can be no assurance that Premier Shareholders will realize any gains from their investment in the Company and may lose their entire investment.

There is no assurance that the investment objectives of the Company will actually be achieved. The value of the Premier Shares will increase or decrease with the value of its investment portfolio and general economic conditions beyond the control of Premier's management, including the level of interest rates, corporate earnings, economic activity, the value of the Canadian dollar and other factors.

Risk Factors Related to Premier's Business as an Investment Issuer

No Operating History as an Investment Issuer

The Company does not have any record of operating as an Investment Issuer or undertaking merchant banking operations. As such, Premier is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its financial objectives as estimated by management or at all. Past successes of management do not guarantee future success.

Investments made by Premier may lack liquidity

Due to market conditions beyond its control, including investor demand, resale restrictions, general market trends and regulatory restrictions, Premier may not be able to liquidate investments when it would otherwise desire to do so in order to operate in accordance with its investment policy and strategy. Such lack of liquidity could have a material adverse effect on the value of Premier's investments and, consequently, the value of the Premier Shares.

Loss of Investment

An investment in Premier is speculative and may result in the loss of all, or a substantial portion of, an investor's investment. Only potential investors who are experienced in high risk investments and who can afford to lose all, or a substantial portion of, their investment should consider an investment in Premier.

Investment Diversification and Investment Expenses

There is no guarantee that Premier will be able to reduce its investment risk by diversifying its investment portfolio. Premier intends to participate in a limited number of investments and, as a consequence, the aggregate returns realized by it, if any, may be substantially and adversely affected by the unfavourable performance of even a single investment. Accordingly, there can be no assurance that Premier will be able to reduce its investment risk by diversifying its portfolio. The resulting lack of diversification may adversely impact the ability of the Company to achieve its desired investment returns. There is also a risk that expenses incurred by Premier may exceed any gains realized by it on its investments.

Competition

Premier faces competition from other capital providers, all of which compete with it for investment opportunities. These competitors may limit Premier's opportunities to acquire interests in investments that are attractive to Premier. The Company may be required to invest otherwise than in accordance with its Investment Policy and strategy in order to meet its investment objectives. If Premier is required to invest other than in accordance with its Investment Policy and strategy, its ability to achieve its desired rates of return on its investments may be adversely affected.

Fluctuations in the Value of Premier and the Premier Shares

The net asset value of Premier and market value of the Premier Shares will fluctuate with changes in the market value of Company's investments. Such changes in value may occur as the result of various factors, including general economic and market conditions, the performance of corporations whose securities are part of Premier's investment portfolio and changes in interest rates which may affect the value of interest-bearing securities owned by Premier. There can be no assurance that Premier Shareholders will realize any gains from their investment in Premier and may lose their entire investment.

General Investment Portfolio Risks

Given the nature of Premier's investment activities, the results of operations and financial condition of Premier will be dependent upon the market value of the securities that comprise Premier's investment portfolio. Market value can be reflective of the actual or anticipated operating results of companies in the portfolio and/or the general market conditions that affect their respective sectors. Various factors affecting the financial sector could have a negative impact on the Company's portfolio of investments and thereby have an adverse effect on its business.

Additionally, Premier may invest in small-cap or start-up businesses that may never mature or generate adequate returns or may require a number of years to do so. This may create an irregular pattern in Premier's investment gains and revenues (if any).

Macro factors such as global political and economic conditions could also negatively affect Premier's portfolio of investments. Premier may be adversely affected by the falling share prices of the securities of investee companies; as such, share prices may directly and negatively affect the estimated value of the Company's portfolio of investments. Moreover, company-specific risks could have an adverse effect on one or more of the investments that may comprise the portfolio at any point in time.

Corporation-specific and industry-specific risks that may materially adversely affect Premier's investment portfolio may have a materially adverse impact on operating results. The factors affecting current macro-economic conditions are beyond the control of the Company.

The occurrence of unforeseen or catastrophic events, including the emergence of a pandemic or other widespread health emergency (or concerns over the possibility of such an emergency), terrorist attacks or natural disasters, could create economic and financial disruptions and could lead to operational difficulties that could impair the Company's ability to manage its business.

Equity Market Risk

The price of the equity securities in which Premier invests and may invest is influenced by Premier's outlook, market activity and regional, national and international economic conditions. When the economy is expanding, the outlook for many issuers is equally promising, and the value of their equity securities should rise correspondingly. The opposite is also true. Typically, the greater the potential reward, the greater the potential risk. For small issuers and issuers in emerging sectors the risk and reward ratio is usually greater. Equity-related securities, which give indirect exposure to the equity value of an entity, such as warrants and convertible securities, can also be affected by this equity risk.

Investment in Private Entities and Illiquid Securities

Investments in private corporations or other private entities cannot be resold without a prospectus, an available prospectus exemption or an appropriate ruling under relevant securities legislation. Even if they can be sold, there may not be a market for such securities. This may impair Premier's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private entities may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. The process of valuing investments in private corporations will inevitably be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

Premier invests in securities which are illiquid. There is a possibility that Premier will be unable to dispose of illiquid securities held in its portfolio and if Premier is unable to dispose of some or all of such investments at the appropriate time, a return on such investment may not be realized.

No Guaranteed Return

There is no guarantee that an investment in the Premier Shares will earn any positive return in the short term or long term.

Due Diligence

The due diligence process undertaken by Premier in connection with investments that it makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, Premier will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment, and balancing the cost of such due diligence with potential risk exposure. When conducting due diligence investigations, Premier may be required to evaluate important and complex business, financial, tax, accounting and legal issues. External consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence investigations and making an assessment regarding an investment, Premier will rely on resources available, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Dependence on Key Personnel

Premier's success depends on its ability to attract and retain key personnel, including the President and Chief Executive Officer. The Company has entered the Employment Agreements and the Consulting Agreement, which address to a certain extent the continued involvement of certain key officers and directors. The inability of Premier to retain its management and directors as a result of volatility or lack of positive performance in the Premier Share price may adversely affect its ability to carry out its business.

Premier Shareholders are required to rely on the Board and Premier's management to conduct Premier's business. The services provided by the Board and management are not exclusive to Premier and conflicts of interest may arise in the ordinary course of business.

Premier Shareholders must rely on the business judgment, expertise and integrity of the directors and management of Premier. Premier must rely substantially upon the knowledge and expertise of its directors and management in entering into any investment agreement or investment arrangements, in determining the composition of its investment portfolio, and in determining when and whether to dispose of securities and/or investments owned by it. The death or disability of any of Premier's key personnel could adversely affect the ability of it to achieve its objectives.

Certain of the directors and management of Premier do not devote all of their time to the affairs of Premier, but devote only such time as may be required to effectively manage Premier. Certain of the directors and management are engaged and will continue to be engaged in the search for investments for themselves and on behalf of others, including other private and public corporations. Accordingly, conflicts of interest may arise from time to time. Any conflicts will be subject to the procedures and remedies under the BCBCA.

Investors not willing to rely on the management and judgment of the Board should not invest in Premier.

Premier may also be dependent on certain consultants for evaluations of some of its investment opportunities. There can be no assurance such consultants will remain retained by Premier or be available as and when needed.

Currency and Foreign Investment

Although the Company's Investment Policy is to focus on investments in the North American market, it may determine to make investments in other markets. It currently has two directly wholly-owned Chinese subsidiaries and a 100% interest in a wholly-owned foreign enterprise. As such, some of its assets currently are invested in foreign securities, and additional foreign securities or assets may be acquired in the future. Consequently, the Canadian dollar equivalent of Premier's net denominated assets and dividends, if any, would be adversely affected by reductions in the value of the applicable foreign currencies relative to the Canadian dollar and would be positively affected by increases in the value of the applicable foreign currencies relative to the Canadian dollar. Any foreign investments currently held or made by Premier in the future may be subject to political risks, risks associated with changes in foreign exchange rates, foreign exchange control risks and other similar risks.

If Premier decides to invest in securities or assets outside of the North American market, such foreign investments may be subject to a different risk profile as compared to North American investments. Factors that may influence jurisdiction-related risk include differences in business culture and practices, differences in the nature of the rule of law, and differences in applicable legal and regulatory requirements.

Areas of risk of foreign investments may include risks related to local management and inadequate corporate governance standards of a subsidiary or target company in the foreign jurisdiction; less sensitivity to market concerns, investor protection and regulatory requirements in the foreign jurisdiction; communication difficulties with non-English speaking local management and directors of a subsidiary or target company in the foreign jurisdiction which may result in issues related to inadequate oversight of such management by the Premier Board and inability of Premier's legal advisors and auditors to communicate with such management personnel; lack of experience and familiarity with the foreign jurisdiction's legal and regulatory environment; insufficient financial reporting of a subsidiary or target company due to factors such as communication issues and adequacy of internal financial controls; non-traditional corporate and capital structures used in the foreign jurisdiction; and validity of title to principal operating assets of the subsidiary or target company.

Trading Price of the Premier Shares Relative to Net Asset Value

Premier is neither a mutual fund nor an investment fund and, due to the nature of its business and investment strategy and the composition of its investment portfolio, the market price of the Premier Shares, at any time, may vary significantly from its net asset value per Premier Share. This risk is separate and distinct from the risk that the market price of the Premier Shares may decrease.

Dividends

To date, the Company has not paid dividends on any of its Premier Shares and Premier is not required to pay any dividends on its Shares in the foreseeable future. Any decision to pay dividends will be made on factors such as its earnings, financial requirements and other conditions. Premier plans to reinvest the profits of its investments, if any, to further the growth and development of its investment portfolio or operating subsidiaries, rather than to pay dividends.

Dilution from Future Offerings

Premier is authorized to issue an unlimited number of Premier Shares. It may issue additional securities (including Premier Shares and securities convertible into Premier Shares) from time-to-time to raise funding for its business and such issuances may be dilutive to Premier Shareholders.

Market Disruption and Volatility

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual corporations or related groups of corporations. These risks could also adversely affect securities markets, inflation and other factors relating to the securities that would be held from time to time. Such events could, directly or indirectly, have a material effect on the prospects of Premier and the value of the securities in its investment portfolio.

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many junior companies have experienced wide fluctuations in price. The market price of the Premier Shares may be volatile and could be subject to wide fluctuations due to a number of factors. Broad market fluctuations, as well as economic conditions generally, may adversely affect the market price of the Premier Shares.

Risk Factors Related to the Premier Shares and the Offer

As Russell Shareholders who tender their Russell Shares to the Offer will acquire Premier Shares in consideration or partial consideration for their Russell Shares, Russell Shareholders should carefully consider the risks and uncertainties associated with the Premier Shares and Premier's business. There are certain risks and uncertainties associated with the Offer and the combination of Russell's business and operations with Premier following successful completion of the Offer.

Additional risks and uncertainties relating solely to Russell are described in the documents filed by Russell with the Securities Regulatory Authorities and available on SEDAR at www.sedar.com. The Offeror expects that these risks and uncertainties will also be applicable to the combined business. These risks and uncertainties may not be the only risks and uncertainties faced by the Offeror or the combined entity. Other risks and uncertainties not presently known by the Offeror or that the Offeror currently believes are not material could also materially and adversely affect the Offeror’s or the combined entity’s business, results of operations and/or financial condition.

The risk factors set out below relate to the Offer and/or the combined business and operations of Premier and Russell if the Offer is consummated.

Market Value of Premier Shares may Decrease

The Premier Shares are being issued under the Offer based on a fixed exchange ratio and may have a market value different than expected. The Offeror is offering to purchase Russell Shares on the basis of 2.5 Russell Shares for one Premier Share. Unless the Offeror decides to amend its Offer prior to expiry, the exchange ratio will not be adjusted to reflect any changes in the comparative market value of the Russell Shares and the Premier Shares at the time of a take-up of Russell Shares under the Offer. If the market price of Premier Shares declines, the value of the consideration received by Russell Shareholders will decline as well. Variations in the market price for Premier Shares may occur as a result of changes in, or market perceptions of changes in, the business, operations or prospects of Premier, market assessments of the likelihood the Offer will be consummated, regulatory considerations, general market and economic conditions and other factors over which Premier has no control.

The market values of the Premier Shares and the Russell Shares at the time of the take-up of Russell Shares under the Offer may vary significantly from the values at the date of the Offer and Circular or the date that Russell Shareholders tender their Russell Shares.

Due Diligence based on Russell's Public Record

All historical information relating to Russell presented in, or due to lack of information omitted from, the Offer and Circular, including all Russell financial information and all pro forma financial information reflecting the pro forma effects of a combination of Premier and Russell derived in part from Russell's financial statements, has been provided in exclusive reliance upon publicly available information of Russell. Premier has not been given an opportunity to verify the reliability of information regarding Russell. Although the Offeror has no reason to doubt the accuracy or completeness of the Russell Public Disclosure Record, any inaccuracy or material omission in the Russell Public Disclosure Record, including the information about or relating to Russell contained in the Offer and Circular, could result in unanticipated liabilities or expenses, increase the cost of integrating the two companies or adversely affect the operational plans of the combined entity and its results of operations and financial condition.

Take-over Bid may Trigger Change of Control Provisions

Russell may be a party to agreements that contain change of control provisions that may be triggered following successful completion of the Offer, since the Offeror would then hold Russell Shares representing a majority of the voting rights of Russell, and the triggering of such change of control provision may lead to adverse consequences. The operation of these change of control provisions, if triggered, could result in unanticipated expenses and/or cash payments following the consummation of the Offer or adversely affect Russell's results of operations and financial condition. Unless any such change of control provisions are waived by the other party to any such agreements, the operation of any of these provisions could adversely affect the results of operations and financial condition of the combined entity.

Premier is not currently aware of the existence of any agreements to which Russell is a party that contain a change of control provision.

The Integration of Premier and Russell may not Occur as Planned

The Offer has been made with the expectation that its successful completion will result in increased earnings, cost savings and enhanced opportunities for the combined entity. These anticipated benefits will depend in part on whether the operations, systems, management, and cultures of Premier and Russell can be integrated in an efficient and effective manner, to the extent that such integration needs to occur. Most operational and strategic decisions, and certain staffing decisions, to the extent that these will be under Premier's influence, with respect to the combined entity have not yet been made and may not have been fully identified. These decisions and the partial integration of the two companies will present significant challenges to management, including the partial integration of systems and personnel of the two companies, and special risks, including possible unanticipated liabilities, significant one-time write-offs or restructuring charges, unanticipated costs and the loss of key employees. There can be no assurance that there will be operational or other synergies realized by the combined entity, or that the integration of the two companies' operations, systems, management and cultures will be timely or effectively accomplished, or ultimately will be successful in increasing earnings and reducing costs.

The Market and Listing for Russell Shares may be Affected

The purchase of Russell Shares by the Offeror pursuant to the Offer will reduce the number of Russell Shares that might otherwise trade publicly, will reduce the number of Russell Shareholders and, depending on the number of Russell Shares ultimately acquired by the Offeror, could materially adversely affect the liquidity and market value of any remaining Russell Shares held by the public.

The rules and regulations of the TSXV, which is the stock exchange on which Russell Shares are posted and listed for trading, establish certain criteria which, if not met, could lead to the delisting of the Russell Shares from the TSXV. Among such criteria is the number of shareholders, the number of common shares publicly held and the aggregate market value of the Russell Shares publicly held. Depending on the number of Russell Shares acquire under the Offer, it is possible that Russell may fail to meet certain criteria for continued listing on the TSXV. If this were to happen, and such failure could not be remedied, the Russell Shares could be delisted and this could, in turn, adversely affect the market or result in a lack of an established market for such Russell Shares.

Russell will be Majority-Owned Subsidiary of Premier

After the consummation of the Offer, Russell would become a majority-owned subsidiary of the Offeror and the Offeror's interest could differ from that of the Russell Shareholders. After the consummation of the Offer, the Offeror would have the power to elect the directors, appoint new management, approve certain actions requiring the approval of the Russell Shareholders, including adopting certain amendments to Russell's constating documents and approving mergers or sales of Russell's assets.

In any of these contexts, the Offeror's interests with respect to Russell may differ from those of any remaining minority Russell Shareholders who did not deposit Russell Shares to the Offer.

Offer is Being Made Conditionally

The Offer is conditional upon, among other things, the Offeror having obtained all necessary Regulatory Approvals (including, without limitation, the approval of any stock exchange or other Securities Regulatory Authority) and any required third-party consents to complete the Offer and to issue and list on the CSE the Premier Shares to be issued pursuant to the Offer. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in the approvals could have an adverse effect on the business, financial condition or results of operations of the Offeror.

Risks of Expanded Operations and Portfolio

Premier may be subject to significant operating risks associated with its expanded operations and its expanded portfolio of investments. The level of operating cost estimates relating to Premier's expanded portfolio of investments following consummation of the Offer, which are used for determining and obtaining financing and other purposes, are based on certain assumptions and are inherently subject to significant uncertainties. It is likely that actual results will differ from Premier's current estimates and assumptions, and these differences may be material. If actual results are less favourable than Premier currently estimates, the combined entity's business, results of operations, financial condition and liquidity could be materially adversely impacted.

Issuance of Premier Shares may lead to Market Overhang

The issuance of a significant number of Premier Shares and a resulting "market overhang" could adversely affect the market price of Premier Shares after the take-up of Russell Shares under the Offer. If 51% of the Russell Shares are tendered to the Offer, a significant number of additional Premier Shares will be available for trading in the public market. The increase in the number of Premier Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Premier Shares. Moreover, in the event that any Russell Shareholder holding a significant percentage of Russell Shares tenders its Russell Shares to the Offer in exchange for Premier Shares, such Russell Shareholder may hold a significant percentage of Premier Shares after such take-up. The potential that such Russell Shareholder may sell its Premier Shares in the public market (commonly referred to as "market overhang"), as well as any actual sales of such Premier Shares in the public market, could adversely affect the market price of the Premier Shares.

Enforcement of Rights by Non-Canadian Resident Shareholders

The enforcement of shareholder rights by Russell Shareholders resident in the United States may be adversely affected by the combination of Premier and Russell. The enforcement by Russell Shareholders of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that Russell and Premier exist under the laws of the Province of British Columbia, and that some of both of Russell and Premier's officers and directors are residents of Canada, and the Depositary, as well as some or all of the experts named in the Offer and Circular, are residents of countries other than the United States, and that all or a substantial portion of the assets of Russell and Premier and of the above mentioned persons may be located outside of the United States. Russell Shareholders resident in the United States may not be able to sue Premier, Russell, or their respective officers or directors in a foreign court for violations of U.S. securities laws. It may be difficult to compel Russell, Premier and their respective affiliates to subject themselves to a U.S. court's judgment.

Legal Proceedings and Regulatory Actions

Legal Proceedings

Other than as disclosed below, there are no legal proceedings that the Company is or was a party to, or that any of its property is or was the subject of, since the beginning of the most recently completed financial year.

Following receipt of a Summons to appear in the Magistrates' Court of the Hong Kong Special Administrative Region ("HK SAR") on January 22, 2015 by Premier's subsidiary, PDHK, the Company's agent appeared in court on the subsidiary's behalf on April 15, 2015. A fine was imposed for late filing of tax returns for the year 2012/13 and provisional payment for the year 2013/14 by the deadline of May 4, 2013. The court imposed a fine on PDHK. The total fine was relatively small, being only HKD$2,400 (approximately CAD$400), which PDHK has paid in full.

The Company settled the matter of *Siemens Medical Solutions USA Inc. v. Premier Diagnostics Health Services (Vancouver) Inc. et al.* with Siemens Medical Solutions USA Inc. ("**Siemens**") and entered into a settlement agreement and release with Siemens dated effective October 30, 2014.

Regulatory Actions

Management of the Company is not currently aware of any:

a) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of this Circular;

b) any other penalties or sanctions imposed by a court or regulatory body against the Company necessary for the Circular to contain full, true and plain disclosure of all material facts relating to the Premier Shares; and

c) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Circular.

Interest of Management and Others in Material Transactions

Except as disclosed below and as may be disclosed elsewhere in this Circular, no:

(a) director or executive officer of Premier;

(b) person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of Premier's outstanding voting securities; or

(c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b);

has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year which has materially affected or is reasonably expected to materially affect the Company.

CMCC indirectly holds approximately 37.53% of the outstanding Premier Shares. CMCC is a private B.C. company of which Sanjeev Parsad (President, CEO and director of Premier) and Alnesh Mohan (director of Premier) are directors, officers and majority shareholders. CMCC has two subsidiary companies, CMMI (100% owned by CMCC) and CMC US (65% owned by CMCC). The directors and officers of CMMI are Messrs. Parsad and Mohan. The directors and officers of CMC US are Messrs. Parsad, Mohan and G. Andrew Cooke and Glen W. Rollins. Messrs. Cooke and Rollins are not involved in the management of CMCC or in investment decisions. Mr. Cooke is currently a director of Premier. CMMI is the general partner of MPIC Canada Limited Partnership, which is the registered holder of 5,440,288

Premier Shares. CMC US is the general partner of MPIC Fund 1, LP, which is the registered holder of 45,697,247 Premier Shares. On June 26, 2015, CMCC, CMMI and MPIC Canada Limited Partnership entered into a Lock-Up Agreement with Premier. CMCC indirectly owns 2,000,000 Russell Shares through MPIC Canada Limited Partnership, or approximately 2.29% of the issued and outstanding Russell Shares.

Pursuant to the Lock-Up Agreement, the Locked-Up Parties have agreed to deposit or cause to be deposited the 2,000,000 Russell Shares held by MPIC Canada Limited Partnership to the Offer. Under the Lock-Up Agreement, the Locked-Up Parties are precluded from tendering or voting any of their Russell Shares in favour of any other acquisition proposal relating to Russell and in certain circumstances are required to vote against other acquisition proposals or actions which might prevent, delay or interfere with the Offer. See "Description of the Lock-Up Agreement", above.

On December 16, 2014, the Company completed the acquisition of 3,010,000 common shares of Sequant Re Holdings Limited ("**SRHL**") at USD$0.50 per common share for total aggregate consideration of USD$1,505,000. This acquisition resulted in the Company holding approximately 33.44% of the issued and outstanding common shares of SRHL. Premier currently holds approximately 32.37% of SRHL. The Company has the right to appoint three directors to the Board of SRHL, provided that it holds a minimum of 10% of the issued and outstanding common shares. The Company's nominees, Alnesh Mohan, Sanjeev Parsad and G. Andrew Cooke, were appointed to the Board of SRHL as of December 12, 2014. Mr. Mohan is a director of the Company, Mr. Parsad is a director and officer of the Company and Mr. Cooke is a deemed insider of the Company and a nominee for director at the Meeting. Mr. Cooke has been appointed to act as Chairman of the Audit and Financial Committee of SRHL and will oversee the financial management of SRHL. Messrs. Parsad and Mohan do not intend to participate in management or daily operations of SRHL. This purchase of the shares of SRHL was for investment purposes.

In August and September 2014, the Company's wholly-owned subsidiary, Premier Diagnostic Center (Vancouver) Inc. ("**PDC Vancouver**"), closed a private placement in tranches of a total of 500,000 Class A Preferred Shares ("**Subsidiary Shares**") at $1.00 per share. Each of the Subsidiary Shares is convertible into twenty Shares of the Company ("**Conversion Shares**") for two years from the date of issuance. Declared and unpaid dividends on the Subsidiary Shares, payable by the Subsidiary, may also be converted into Shares at $0.05 per Share. MPIC Fund 1, LP and MPIC Canadian Limited Partnership purchased a total of 475,000 Subsidiary Shares, and DLR Capital Corporation purchased 25,000 Subsidiary Shares. Refer to "Directors," above, regarding the relationship of the MPIC funds to the Company. DLR Capital Corporation is a private company of which Ian Robertson is a director and officer. All of the Subsidiary Shares were subsequently converted into Shares.

In July 2014, the Company closed a non-brokered private placement of secured convertible debentures ("**July Debentures**") in the principal amount of $200,000. The July Debentures were secured, bore interest at a rate of 6%, had a maturity date of July 9, 2016 and were convertible on or prior to the maturity date at the holder's option into units of the Company, at $0.05 per unit ("**July Units**"), each July Unit consisting of one share purchase warrant ("**July Warrant**") and one Share. Each July Warrant was exercisable for a period of 24 months from the date of issuance of the July Debentures to purchase an additional Share at $0.05. MPIC Fund 1, LP and MPIC Canadian Limited Partnership purchased July Debentures in the total principal amount of $200,000. Refer to ELECTION OF DIRECTORS, above, regarding the relationship of the MPIC funds to the Company. The entire principal amount and interest of these July Debentures were subsequently converted into July Units, and all of the July Warrants were exercised.

In May 2014, the Company closed a non-brokered private placement of secured convertible debentures ("**May Debentures**") in the principal amount of $250,000. The May Debentures were secured, bore interest at a rate of 6%, had a maturity date of March 31, 2016 and were convertible on or prior to the maturity date at the holder's option into units of the Company, at $0.05 per unit ("**May Units**"), each May Unit consisting of one share purchase warrant ("**May Warrant**") and one Share. Each May Warrant was exercisable for a period of 24 months from the date of issuance of the Debentures to purchase an additional Share at $0.05. MPIC Fund 1, LP and MPIC Canadian Limited Partnership purchased May Debentures in the total principal amount of $250,000. Refer to ELECTION OF DIRECTORS, above, regarding the relationship of the MPIC funds to the Company. The entire principal amount and interest of these May Debentures were subsequently converted into May Units, and all of the May Warrants were exercised.

Ian D. Robertson, a director of Premier, and Marta C. Davidson, Corporate Secretary of Premier, are partners in the law firm of Robertson Neil LLP ("RNLLP"). RNLLP provides legal services to the Company pursuant to a written retainer agreement. Fees are charged at competitive rates. During the fiscal year ended September 30, 2014, professional fees of $224,631 were incurred to RNLLP for work performed for Premier and its subsidiaries. During the fiscal year ended September 30, 2014, professional fees of $224,631 were incurred to RNLLP for work performed for Premier and its subsidiaries. During the fiscal year ended September 30, 2013, professional fees of $101,919 were incurred to RNLLP for work performed for Premier and its subsidiaries.

Auditors, Transfer Agents and Registrars

Auditors

The auditor of Premier is Davidson and Company LLP, Chartered Accountants with an address at 1200-609 Granville Street, PO Box 10372, Pacific Center, Vancouver, B.C. V7Y 1G6.

Premier's former auditor was A. Chan and Company LLP, Chartered Accountants with an address at 1850-1066 West Hastings Street, Vancouver, B.C. V6E 3X2.

Transfer Agent and Registrar

The Company's transfer agent and registrar for the Premier Shares is Computershare Trust Company of Canada, 510 Burrard Street, 2nd Floor, Vancouver, B.C., Canada, V6C 3B9. The Company's securities register and register of transfers is maintained in the Transfer Agent's offices in Vancouver, B.C. and Toronto, Ontario in Canada.

Material Contracts

The following are the only material contracts entered into by the Company since the beginning of its most recently completed financial year, or entered into by the Company prior to the beginning of its most recently completed financial year, but still in effect:

	Contract title	Date	Counter-parties	Material Terms
1.	WFOE (Wholly Foreign-Owned Enterprise) Agreement - Part 1	March 9, 2007	Beijing Premier Ltd.	Approved business licence application for enterprises with foreign investment. Applicant is Beijing Premier Ltd. and the investor is Canada International P.E.T. Ltd.

	Contract title	Date	Counter-parties	Material Terms
2.	WFOE (Wholly Foreign-Owned Enterprise) Agreement - Part 2	October 2007	Canada P.E.T and Petscan International Investment; Canada P.E.T. Medical Ltd. and Petscan Ltd.	Summary of WFOE Agreement Part 1, and a Directors' Resolution dated Oct. 17, 2007 regarding the addition of two directors, investment time change, and an investor change from P.E.T. to Petscan International. Government authorization of share transfer from Canada P.E.T. to Petscan dated Oct. 29, 2007. Share transfer agreement regarding Canada P.E.T. Medical Ltd.'s transfer of all its holding of Beijing Premier's shares to Petscan Ltd. for US$200,000 executed within 60 days of Oct. 17, 2007.
3.	WFOE (Wholly Foreign-Owned Enterprise) Agreement - Part 3	2008		Repeat of WOFE Part 1 and 2 including a report from the accountants to validate the company fund.
4.	MRI Diagnostic Clinic Cooperative Operation Agreement	March 12, 2010	People's Republic of China Military Police Beijing Head Precinct Hospital No. 3 and Beijing Premier International Medical Equipment Technology Services Corporation Ltd.	Premier Diagnostic Health Services Inc., through its wholly owned subsidiary PETSCAN International (Hong Kong) Ltd. and its wholly owned foreign enterprises in Beijing, Beijing Premier International Medical Equipment Technology Services Corporation Ltd., agrees to provide GE's leading edge MRI Product Signa HDx 1.5T and related technical services to establish the hospital's MRI Diagnostic Center and to jointly operate such Center. This Term Sheet outlines the responsibilities of the parties pursuant such agreement.
5.	MRI Diagnostic Clinic Cooperative Operation Agreement - Addendum (meeting minutes)	December 2010	People's Republic of China Military Police Beijing Head Precinct Hospital No. 3 and Beijing Premier International Medical Equipment and Technology Services Corporation Ltd.	Hospital undertakes to add import duty as a condition of the cooperation. Calculation and distribution of shares of net revenue. Division of responsibilities relating to equipment.
6.	Cooperation Agreement	June 18, 2010	Amtex Healthcare Inc.	Premier Diagnostic Health Services Inc. to purchase MRI equipment from Amtex Healthcare Inc. with financing provided by the latter. Terms of the share transfer.
7.	Cooperation Agreement - Amendment	November 16, 2011	Amtex Healthcare Inc.	Amendment to the transfer of ownership.
8.	Debt Settlement Agreement	November 13, 2013	Aggie Klepl	Settlement of debt of $20,000 for common shares.

	Contract title	Date	Counter-parties	Material Terms
9.	Service Agreement	February 13, 2014	Siemens Canada Ltd.	Equipment and performance plan for hospital equipment (PET / CT Scanner for Burnaby clinic).
10.	Assignment and Assumption Agreement	March 14, 2014	Premier Diagnostic Health Services (Vancouver) Inc.	Payment of debt and transfer of assets for the dissolution of Premier Diagnostic Health Services (Vancouver) Inc.
11.	Security Agreement	March 31, 2014	Premier Diagnostic Centre (Vancouver) Inc.	Creation of security interest between the parties in a secured transaction.
12.	Asset Purchase Agreement	March 31, 2014	Premier Diagnostic Center (Vancouver) Inc.	Premier Diagnostic Health Services Inc. to sell all the property, assets and undertakings of the Diagnostic Clinic to Premier Diagnostic Center (Vancouver) Inc., and to sublease a portion of a leasehold interest held by Premier Diagnostic Health Services Inc.
13.	Trade Name and Trademark License Agreement	March 31, 2014	Premier Diagnostic Center (Vancouver) Inc.	Premier Diagnostic Health Services Inc. to grant Premier Diagnostic Center (Vancouver) Inc. a license to use the name "Premier Diagnostic."
14.	Letter Agreement re CNSC License	March 31, 2014	Premier Diagnostic Center (Vancouver) Inc.	Transfer of a Canadian Nuclear Safety Commission License from Premier Diagnostic Health Services Inc. to Premier Diagnostic Center (Vancouver) Inc.
15.	Consulting Services Agreement Addendum	May 1, 2014	Beijing Premier International Medical Equipment Technology Services Corporation Ltd. and Premier Diagnostics (Hong Kong) Ltd.	Change of name of Petscan International (Hong Kong) Ltd. to Premier Diagnostics (Hong Kong) Ltd.
16.	Debt Settlement Agreement	July 25, 2014	Copernican Law	Settlement of debt of $16,520 by Premier Diagnostic Health Services Inc. to assume and satisfy the debt for Premier Diagnostics (Hong Kong) Ltd. for common shares owed to Copernican Law.
17.	Debt Settlement Agreement	July 25, 2014	DLR Capital Corp.	Settlement of debt of $45,404 by Premier Diagnostic Health Services Inc. to assume and satisfy the debt for Premier Diagnostics (Hong Kong) Ltd. for common shares owed to DLR Capital Corp.
18.	Consulting Agreement	July 31, 2014	Premier Diagnostics (Hong Kong) Ltd., Beijing Premier International Medical Equipment and Technology Services Company Ltd., and Yang, Gang	The Company, Premier Diagnostics (Hong Kong) Ltd. and Beijing Premier International Medical Equipment and Technology Services Company Ltd. to retain Yang, Gang for certain services.
19.	Escrow Agreement	July 31, 2014	Yang Gang and Quantum Advisory Partners LLP	Yang, Gang's shares held in escrow by Quantum Advisory Partners LLP to be released to Yang, Gang on August 1, 2015.

	Contract title	Date	Counter-parties	Material Terms
20.	Debt Settlement Agreement	July 31, 2014	Premier Diagnostic Center (Vancouver) Inc. and DLR Capital Corp.	Settlement of $25,000 debt of the $62,699.34 total debt by the conversion of Class A Preferred Shares of Premier Diagnostic Center (Vancouver) Inc.
21.	Consulting Agreement - Yang, Gang - Amendment	October 1, 2014	Premier Diagnostic Health Services Inc., Premier Diagnostics (Hong Kong) Ltd., Beijing Premier International Medical Equipment and Technology Services Company Ltd., and Yang, Gang.	Amendment to the original consulting agreement dated July 31, 2014 changing the position held by Yang, Gang with Premier Diagnostics (Hong Kong) Ltd.
22.	Debt Settlement Agreement	October 1, 2014	DLR Capital Corp.	Settlement of debt of $74,700 for common shares.
23.	Settlement Agreement and Release	October 30, 2014	Siemens Medical Solutions USA Inc. and IPET Pharmaceuticals Inc.	Settlement Agreement and Release regarding a court action for $90,000.
24.	Letter Agreement re Transfer of CNSC License	November 6, 2014	Premier Diagnostic Center (Vancouver) Inc.	Transfer of nuclear licence from Premier Diagnostic Health Services Inc. to Premier Diagnostic Center (Vancouver) Inc.
25.	Subscription Agreement	November 11, 2014	Sequant Re Holdings Ltd.	Premier Diagnostic Health Services Inc. subscribes for shares of Sequant Re Holdings Ltd. for US$1,505,000.
26.	Lock-Up Agreement	June 26, 2015	CMCC, CMMI and MPIC Canada, LP	CMCC and CMMI indirectly own 2,000,000 Russell Shares, which are held directly by MPIC Canada LP. Pursuant to the Lock-Up Agreement, the Locked-Up Parties have agreed to deposit or cause to be deposited their Russell Shares to the Offer. The Locked-Up Parties are precluded from tendering or voting any of their Russell Shares in favour of any other acquisition proposal relating to Russell and in certain circumstances are required to vote against other acquisition proposals or actions which might prevent, delay or interfere with the Offer. See "Description of the Lock-Up Agreement", above.

Experts

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this Circular as having prepared or certified a report, valuation, statement or opinion in this prospectus:

1. Davidson & Company LLP, Chartered Accountants, auditors of the Company, for the upcoming year ending September 30, 2015 who performed a review engagement on the interim financial statements for the period ended March 31, 2015 and the pro forma financial statements attached as Schedules F and J, respectively, attached to and forming part of this Circular. Davidson & Company LLP, Chartered Accountants has advised that they are

independent with respect to the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia

2. A. Chan & Company LLP, Chartered Accountants, former auditors of the Company, who prepared the audit report on the years ended September 30, 2011, 2012, 2013 and 2014 Audited Annual Financial Statements attached to and forming part of this Circular. A. Chan & Company LLP, Chartered Accountants has advised that they are independent with respect to the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Incorporation by Reference

Information has been incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in certain provinces of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Premier's registered office at Suite 1350-650 West Georgia Street, Vancouver, British Columbia, Canada V6B 4N8 (telephone: 604.685.1620) or by accessing the disclosure documents available through SEDAR at www.sedar.com.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this Circular is deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained in this Circular or in any subsequently filed document also is or is deemed to be incorporated by reference modifies or supersedes such statement. Any statement so modified or superseded will not constitute a part of this Circular, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. Making such a modifying or superseding statement is not an admission for any purpose that the modified or superseded statement, when made, continued a misrepresentation, untrue statement of material fact, nor an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Additional Information

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Financial information about the Company is provided in the Company's audited annual consolidated financial statements to September 30, 3014, a copy of which, together with the Management's Discussion and Analysis thereon, can be found on SEDAR. To request copies of the Company's financial statements and Management's Discussion and Analysis, Premier Shareholders and Russell Shareholders may contact the Company as follows:

Premier Diagnostic Health Services Inc.
c/o Robertson Neil LLP
Suite 1350, PO Box 11610
650 West Georgia Street
Vancouver, B.C. V6B 4N8
Attn: Marta Davidson, Corporate Secretary

T. (604) 685.1620 ext. 234 F. 1.877.568.5356 Email: marta.davidson@rnllp.ca

SCHEDULE B – AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

(the "Charter")

Compliance with applicable laws and policies

If and for so long as the Company is a reporting issuer in a Canadian jurisdiction with securities listed for trading on a stock exchange, the Company's audit committee will meet the legal requirements applicable to the responsibilities, duties and composition of audit committees set out in National Instrument 52-110 *Audit Committees* ("NI 52-110"), and other applicable securities laws and stock exchange policies.

Mandate

The primary function of the audit committee is to assist the board of directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the audit committee will encourage continuous improvement of and should foster adherence to the Company's policies, procedures and practices at all levels. The audit committee's primary duties and responsibilities are to:

(1) serve as an independent and objective party to monitor the Company's financial reporting and internal control systems and review the Company's financial statements;

(2) review and appraise the performance of the Company's external auditors; and

(3) provide an open avenue of communication between the Company's external auditors, financial and senior management and the board of directors.

Authority

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

(1) retain independent counsel, accountants or other advisers as the audit committee deems necessary to carry out its duties and to set and pay the compensation for any such advisers;

(2) communicate directly with the internal and external auditors of the Company; and

(3) seek any information it requires from external parties, employees or consultants of the Company or its subsidiaries, and all employees and consultants are directed to co-operate with the audit committee's requests.

Review of financial disclosure

The audit committee will review and, if necessary, update the Charter annually.

The audit committee must review the Company's financial statements, MD&A and annual and interim profit or loss press releases before the Company publicly discloses this information.

The audit committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure of financial statements, MD&A and annual and interim profit or loss press releases, and the audit committee must periodically assess the adequacy of such procedures.

Composition

The audit committee will be comprised of at least three directors as determined by the board of directors, the majority of which will meet the legal requirements applicable to the composition of an audit committee. At least one member of the audit committee will have accounting or related financial management expertise. All members of the audit committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices.

If any of the Company's securities are listed on the TSX Venture Exchange, the majority of the audit committee members will not be Officers, employees or Control Persons of the Company or any of its Associates or Affiliates (as such capitalized terms are defined in applicable TSX Venture Exchange policies).

Financial literacy

"Financially literate" means that the audit committee member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Company ceases to be a venture issuer

If the Company ceases to be a "venture issuer" (as defined in applicable securities laws) or otherwise becomes subject to Part 3 *Composition of the Audit Committee* of NI 52-110, then, subject to certain exemptions found in NI 52-110, every audit committee member must be independent and financially literate. In this case, if the board of directors has determined that to do so would not materially adversely affect the audit committee's ability to act independently and to satisfy the legal requirements of the composition and responsibilities of the audit committee, an audit committee member who is not financially literate may be appointed to the audit committee, provided the member becomes financially literate within a reasonable period of time following his appointment.

Independence

An audit committee member is independent if he or she has no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's board of directors, be reasonably expected to interfere with the exercise of the audit committee member's independent judgement.

Subject to NI 52-110, the following individuals are considered to have a material relationship with the Company:

(1) an individual who is, or has been within the last three years, an employee or executive officer of the Company;

(2) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;

(3) an individual who:

(a) is a partner of a firm that is the Company's internal or external auditor,

(b) is an employee of that firm, or

(c) was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;

(4) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

(a) is a partner of a firm that is the Company's internal or external auditor,

(b) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

(c) was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;

(5) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serves or served at that same time on the entity's compensation committee; and

(6) an individual who received, or whose immediate family member who is employed as an executive officer of the Company received, more than $75,000 in direct compensation from the Company during any 12 month period within the last three years.

Appointment of Members

The members of the audit committee will be elected annually by the board of directors at its first meeting following the Company's annual shareholders' meeting.

Meetings

The audit committee will meet with the frequency that the audit committee determines appropriate.

Audit Committee Responsibilities

The audit committee will:

(1) require the Company's external auditor to report directly to the audit committee;

(2) review annually the performance of the external auditors who will be ultimately accountable to the board of directors and the audit committee as representatives of the shareholders of the Company;

(3) be responsible for overseeing the resolution of disagreements, if any, between management and the external auditor regarding financial reporting;

(4) take, or recommend that the full board of directors take, appropriate action to oversee the independence of the external auditors;

(5) recommend to the board of directors the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;

(6) establish procedures for: (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(7) review and approve the Company's hiring policies regarding partners, employees and former partners and employees and former partners and employees of the present and former external auditors of the Company;

(8) consult with the Company's external auditors annually and without the presence of management about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;

(9) review and pre-approve all audit and audit-related services and the related fees and other compensation, and any non-audit services, provided by the Company's external auditors to the Company or its subsidiaries. The pre-approval requirement is waived with respect to the portion of non-audit services if:

    (a) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five percent of the total amount of fees paid by the Company and its subsidiaries to its external auditors during the fiscal year in which the non-audit services are provided;

    (b) such services were not recognized by the Company or its subsidiaries at the time of the engagement to be non-audit services; and

    (c) such services are promptly brought to the attention of the audit committee and approved prior to the completion of the audit by the audit committee or by one or more members of the audit committee to whom authority to grant such approvals has been delegated by the audit committee. The approval of the delegation of authority to grant such pre-approval of the non-audit services must be presented to the audit committee at its first scheduled meeting following such pre-approval.

Financial Reporting Process

The audit committee will:

(1) in consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external;

(2) consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;

(3) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management;

(4) review significant judgments made by management in the preparation of the financial statements and the review of the external auditors as to the appropriateness of such judgments;

(5) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;

(6) review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;

(7) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented; and

(8) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.

PREMIER DIVERSIFIED HOLDINGS INC.

(formerly Premier Diagnostic Health Services Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED MARCH 31, 2015

(Expressed in Canadian Dollars)

The following management discussion and analysis as of June 1, 2015 should be read in conjunction with the unaudited condensed consolidated interim financial statements of Premier Diversified Holdings Inc. (formerly known as: Premier Diagnostic Health Services Inc.) (the "Company"), and the notes relating thereto, for the six months ended March 31, 2015, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian currency unless stated otherwise. Additional information relating to the Company is filed on SEDAR at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the consolidated financial statements and Management Discussing and Analysis ("MD&A"), is complete and reliable.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A, and in certain documents incorporated by reference in this MD&A, constitute "forward looking information" within the meaning of applicable Canadian securities laws. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions are often used to identify forward looking statements.

These statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events, and include, but are not limited to statements relating to the Company's objectives, priorities, strategies, actions, targets, expectations and outlook. By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward looking statements. In evaluating these statements, a reader should specifically consider various factors; including the risks outlined in this MD&A under the heading "Risk Factors" which may cause actual results to differ materially from any forward looking statement.

The forward looking statements contained herein reflect management's current expectations and beliefs and are based upon certain assumptions that management believes to be reasonable based on the information currently available to management. Such assumptions include, but are not limited to, assumptions regarding: (i) general economic conditions; (ii) the expected actions of third parties, (iii) the Company's future growth prospects and business opportunities. Should one or more of the risks or uncertainties identified herein materialize, or should the assumptions underlying the forward looking statements prove to be incorrect, then actual results may vary materially from those described herein.

Readers are cautioned not to place undue reliance on forward looking statements. Except as required by applicable securities laws, we do not intend, and do not assume any obligation, to update the forward looking statements contained herein.

HIGHLIGHTS

Corporate Activities

On April 21, 2015, the Company received final approval from the Canadian Securities Exchange for a change of business to become an investment issuer. As an investment issuer, the Company will focus on generating the highest return on capital for shareholders regardless of industry. Currently, the Company is operating medical diagnostic imaging centers in Canada and China. These centers provide PET-CT (Positron Emission Technology / Computed Tomography) and/or MRI (Magnetic Resonance Imaging) scans. Activities to-date have been the development and operation of a PET-CT diagnostic scanning center in Burnaby, BC and the establishment of an MRI diagnostic scanning facility under a cooperative venture between the Company's Chinese subsidiary and the Military Police Hospital No. 3 in Beijing, as well as the raising of capital, the identification and evaluation of potential additional locations for facilities, and the advancement of plans and regulatory approval for commencement of development of these other facilities.

The Company continued to generate revenue throughout the second quarter of 2015 via provision of medical diagnostic services through clinics operated by its subsidiary companies in Canada and China. The Company also completed the preparation of the information circular for the Company's shareholder meeting held on April 2, 2015, which was filed on SEDAR on March 3, 2015. The Company received conditional approval for a change of business to an investment company from the Canadian Securities Exchange, and sought shareholder approval of same at the aforementioned meeting. Shareholder approval was obtained on the proposed change of business from a life sciences company to an investment company.

Effective January 1, 2015, the Company entered into new employment agreements with each of Daniel Waters (Controller), Grace Xian (CFO), Sanjeev Parsad (President & CEO) and Geoffrey Waters (Manager, Premier Diagnostic Center (Vancouver) Inc.). The Company also hired a new full-time employee, Gene Saldana, who will serve as a nuclear technologist for the Company's diagnostic clinic located in Burnaby, BC as of February 2, 2015.

The Company changed its auditor to Davidson and Company LLP, Charted Accountants in February.

China Operations

The Company's management team in China continued to carry out activities in furtherance of proposed expansion plans to establish new Premier Diagnostic Centers in China which the Company anticipates will provide PET-CT and/or MRI scans. The Company completed the process of incorporating a new subsidiary in Hong Kong at the end of January 2015.

On January 22, 2015, the Company's subsidiary, Premier Diagnostics (Hong Kong) Limited, received a Summons to appear in the Magistrates' Court of the Hong Kong Special Administrative Region ("HK SAR"). It is alleged by the Inland Revenue Department of the HK SAR that Premier Diagnostics (Hong Kong) Limited (formerly, Petscan International (Hong Kong) Limited) has failed to furnish a Return for Profits Tax purposes for Final Assessment for the year 2012/13 and Provisional Payment for the year 2013/14 by the deadline of May 4, 2013. The Agent appointed by the Company appeared in court on the subsidiary's behalf on the date set by the court, and as the final resolution the court levied a fine of HK$2,400 (approx. CAD$400), which the Company's subsidiary paid in full within the deadline provided.

Burnaby Center

Since the Company's reorganization in April, 2014, the Center has experienced a significant increase in scan volumes and booked its' first patient funded Alzheimer's scan (referred by the brain imaging research department at UBC in January 2015). The Company believes cooperation with the Alzheimer's community will benefit the Center and Alzheimer's research.

Financing

Acquisition

On December 16, 2014, the Company completed the acquisition of 3,010,000 common shares of Sequant Re Holdings Limited ("SRHL") at USD$0.50 per common share for total aggregate consideration of $1,702,908 (USD$1,505,000). This acquisition resulted in the Company holding approximately 33.44% of the issued and outstanding common shares of SRHL. The Company has the right to appoint three directors to the Board of SRHL, provided that it holds a minimum of 10% of the issued and outstanding common shares. The Company's three nominees, Alnesh Mohan, Sanjeev Parsad and G. Andrew Cooke, were appointed to the Board of SRHL as of December 12, 2014. Mr. Mohan is a director of the Company, Mr. Parsad is a director and officer of the Company and Mr. Cooke is a deemed insider of the Company. Mr. Cooke has been appointed to act as Chairman of the Audit and Financial Committee of SRHL and will oversee the financial management of SRHL. Messrs. Parsad and Mohan do not participate in management or daily operations of SRHL. This purchase of the shares of SRHL was for investment purposes.

STRATEGY AND OUTLOOK

As discussed under the section "Corporate Activities" above, the Company has received shareholder approval and Canadian Securities Exchange ("CSE") approval to change its business from being a life sciences issuer to an investment issuer. As an investment issuer, the Company will seek a portfolio of investments in a wider range of industries and investments with a view to maximizing shareholder value. The Company intends to be engaged in the business of investing in and acquiring privately held and publicly traded companies, or the securities and/or assets of such companies. The Company may also act as a holding company (either directly or through a subsidiary) that may be active in the management of investee companies to varying degrees.

Summary of the Proposed Investment Policy

The Company will adopt a written Investment Policy to govern its investment activities. The Investment Policy will provide, among other things, the investment objectives and strategy based on the fundamental principles set out below. A complete copy of the proposed Investment Policy is included in the Company's Management Information Circular (the "Circular"), dated March 3, 2015 which can be found on SEDAR at www.sedar.com.

Investment Objectives

The Company's investment objectives will be to seek a return from investment gains, interest income, dividend income, acquisition of other businesses, consultation fees and advisory services fees. The Company plans to reinvest the profits of its investments to further the growth and development of its investment portfolio or operating subsidiaries.

Investment Sector

The Company intends to target primarily North American private and publicly listed companies. If it invests in companies outside of North America, preference will be given to developed countries rather than emerging market jurisdictions. However, all countries are permissible depending on the risk assessment of the Board and management at the time the investment is made.

Investment Types

The Company intends to acquire equity, debt and any other investment structures or instruments that could be acquired or created. The Company may invest directly in public or private companies, partnerships or other legal entities. The Company may acquire an entity that is distressed, where a change of management or other restructuring is required to realize the value of that entity's assets. The Company may also engage in some activist investing where shareholder value is adversely affected by an entity's current board and management.

The Company intends to make investments of varying sizes and is not limited in this regard. Some of the Company's future investments may result in it holding a control position in a target entity. The Company may engage in equity or debt financing to fund future specific investments. There will not be a timeline imposed on the Company's proposed investments.

The Company intends to create a diverse investment portfolio, yet concentrated enough and structured in such a way as to not be deemed either an Investment Fund or Mutual Fund, as defined by applicable securities law, thereby avoiding the requirement to register as a fund or investment advisor. The Company may seek to serve as a lead agent or investor in order to optimize due diligence and capital structure as well as enable active monitoring of the investment. The Company may provide assistance to certain of its future portfolio companies which may involve, among other things, monitoring the operations of portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. The Company may receive merchant banking fees for these services and have all or some of its costs reimbursed.

(Expressed in Canadian Dollars - unaudited)

The Company's intent is that up to 33% of its portfolio will be available to the CEO to allocate into North American public securities. The remaining 67% of the portfolio will be channelled through management for final approval. Management will select all investments for submission to the Board and monitor the investment portfolio on an ongoing basis, and will be subject to the direction of the Board. The Company's Investment Policy may be amended with approval from the Board.

Current Investment

Premier completed a $1,702,908 (USD$1,505,000) private placement purchase of shares of Sequant Re Holdings Limited ("SRHL") for investment purposes, currently holding a 32.37% interest. SRHL is a Bermuda company which, through its wholly owned subsidiary, Sequant Reinsurance Company Limited, operates as a reinsurance company which underwrites various reinsurance transactions and collateralizes its obligations through the issuance of insurance-linked securities ("ILSs"). The ILSs are offered to third party investors, and the capital from the sale of the ILSs is used to fund the reinsurance business. The investment in SRHL was an arm's length transaction.

Future Investments

Premier has approximately $5 million in working capital currently available for future investments. Future investments may be subject to CSE approval and will be carried out in accordance with the Investment Policy.

Following the Change of Business, the daily operations and corporate structure of the Company's current business will remain largely unaffected. However, rather than being the Company's sole focus, the current business will be categorized as the business of investee companies of the Company, in which the Company has an active managerial role.

SELECTED INFORMATION

Summary of Annual Results

		For the years ended				
		September 30, 2014		**September 30, 2013**		**September 30, 2012**
Total operating revenue	$	747,799	$	698,763	$	532,818
Loss before other items	$	(936,065)	$	(846,245)	$	(910,818)
Net loss	$	(1,550,832)	$	(716,024)	$	(1,059,352)
Basic and diluted loss per share	$	(0.03)	$	(0.02)	$	(0.03)
Total assets	$	7,397,115	$	1,575,053	$	1,749,556
Total long-term financial liabilities	$	(671,092)	$	(528,446)	$	(589,338)
Total liabilities	$	(8,500,321)	$	(1,962,222)	$	(1,920,615)
Cash dividends declared per share	$	-	$	-	$	-

(Expressed in Canadian Dollars - unaudited)

Summary of Quarterly Results

	Three months ended			
	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Total operating revenue	$ 236,323	$ 227,624	$ 244,165	$ 173,529
Loss before other items	(249,958)	(363,435)	(158,188)	(394,286)
Net loss	(618,713)	(439,537)	(790,986)	(353,423)
Basic and diluted loss per share	(0.00)	(0.01)	(0.02)	(0.01)

	Three months ended			
	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Total operating revenue	$ 159,198	$ 170,907	$ 171,759	$ 186,351
Loss before other items	(193,686)	(189,906)	(402,724)	(225,993)
Net loss	(204,797)	(201,627)	(272,430)	(225,898)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.01)

The fluctuation in net loss on a quarterly basis is attributable to variations in various expense items, such as overall compensation, premises cost, professional fees and travel, which occur due to the administrative and fund raising activities occurring during a particular period and to the availability of funds in those periods to pay for those activities. There is no seasonality to these variations, nor are they indicative of any trend.

RESULTS OF OPERATIONS

Total gross revenue generated during the six months ended March 31, 2015 was $637,152 (March 31, 2014 – $362,395), including net revenue distributed from the joint venture MRI Center in China of $276,122 (March 31, 2014 – $288,044). The number of scans in China and Canada during the six months ended March 31, 2015 and 2014 was as follows:

	Three months ended		
	March 31, 2015	December 31, 2014	Year-to-date
Number of Scans:			
- in China	2,148	2,735	4,883
- in Canada	59	51	110

	Three months ended		
	March 31, 2014	December 31, 2013	Year-to-date
Number of Scans:			
- in China	2,668	3,043	5,711
- in Canada	9	21	30

The decrease in scan volumes in China during the six months ended March 31, 2015 compared to the prior comparative period was due to major maintenance servicing on the equipment in February 2015. Scan volumes in China are dependent on the underlying demand and ability of the hospital administration to generate physician requisitions.

The Burnaby Center activities increased significantly over the prior year as a result of the reopening of the clinic after upgrades and equipment servicing.

During the six months ended March 31, 2015 and 2014, the Company's employees and contractors were maintained at the minimum level of staffing necessary for the operation of scanning activities, operating primarily out of the Company-leased premises in Burnaby, and continued further plans to develop diagnostic facilities in Canada and China. Total corporate general administrative expenses for the six months ended March 31, 2015 were $495,028 as compared to $471,105 during the six months March 31, 2014.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that apply to profit-oriented Canadian publicly-traded enterprises. This assumes that the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations. As at March 31, 2015, the Company had not yet achieved profitable operations, had accumulated losses of $16,715,514 (September 30, 2014 – $15,651,576) after consolidation of the loss of Golden Hat Resources Inc. (which the Company amalgamated in 2010), had a working capital of $5,042,759 (September 30, 2014 - working capital deficit of $1,586,649), which may not be sufficient to sustain operations over the foreseeable future, and expects to incur further losses in the development of its business, all of which cast substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders.

Management has raised capital through equity and debt financing, and anticipates that it will continue to do so, in addition to conducting revenue generating operations. The outcome of these efforts cannot be predicted at this time.

Other than as noted herein, all items are considered to be in the ordinary course of business.

Three Months Ended March 31, 2015 compared to Three Months Ended March 31, 2014

The net loss for the three months ended March 31, 2015 was $618,713 as compared to $204,796 for the three months ended March 31, 2014.

Cost of goods sold with respect to the operation of the Premier Diagnostic Center in Burnaby, BC during the three months ended March 31, 2015 was $99,826 (March 31, 2014 – $2,064) resulting in a gross margin for that facility's operation of $93,694 (March 31, 2014 – $18,327). Other operating costs, including depreciation of both the PET/CT scanner in Burnaby and the MRI scanner in Beijing, incurred during the three months ended March 31, 2015 was $246,225 (March 31, 2014 – $113,871) to result in a net operating loss of $9,902 for the three months ended March 31, 2015 (March 31, 2014 – net operating income of $45,327). All other costs of the MRI Center in Beijing are expensed by the Beijing Hospital prior to determining the portion of joint venture net revenue allocated to the Company.

All other expenditures of the Company undertaken during the three months ended March 31, 2015 and 2014 were general corporate expenses related to the raising of funds, retention of staff and general administrative overhead in order for the Company to continue in business and further its plans to develop diagnostic facilities in Canada and China. The corporate expenses for the three months ended March 31, 2015 were $240,056, an increase of $1,043, compared to $239,013 during the three months ended March 31, 2014. During the three months ended March 31, 2015, professional fees and salaries, wage and benefits increased by $36,528 and $65,175, to $110,769 and 116,224, from $74,241 and $51,049, respectively. This increase is primarily due to the increase in business activities.

Other expenses increased by $357,646, to $368,755 for the three months ended March 31, 2015, from $11,109 for the three months ended March 31, 2014. This increase is primarily the result of the increase in share of loss and dilution loss in associated company of $313,896. The Company held 32.37% of the outstanding shares of Sequant RE Holdings Limited ("SRHL") as at March 31, 2015 giving it significant influence over SRHL's operations. The investment is being accounted for using the equity method and includes a pro-rate share of SRHL's transactions.

None of these variations in individual expense categories from previous periods were unusual or indicative of any trend with respect to the future when the Company expects to have more involvement in revenue-generating operations.

Six months ended March 31, 2015 compared to Six months ended March 31, 2014

The net loss for the six months ended March 31, 2015 was $1,058,250 as compared to $406,423 for the six months ended March 31, 2014.

Cost of goods sold with respect to the operation of the Premier Diagnostic Center in Burnaby, BC during the six months ended March 31, 2015 was $173,205 (March 31, 2014 – $32,290) resulting in a gross margin for that facility's operation of $187,825 (March 31, 2014 – $42,061). Other operating costs, including depreciation of both the PET/CT scanner in Burnaby and the MRI scanner in Beijing, incurred during the six months ended March 31, 2015 was $582,312 (March 31, 2014 – $242,593) resulting in a net operating loss of $118,365 for the six months ended March 31, 2015 (March 31, 2014 – net operating income of $87,512). All other costs of the MRI Center in Beijing are expensed by the Beijing Hospital prior to determining the portion of joint venture net revenue allocated to the Company.

All other expenditures of the Company undertaken during the six months ended March 31, 2015 and 2014 were general corporate expenses related to the raising of funds, retention of staff and general administrative overhead in order for the Company to continue in business and further its plans to develop diagnostic facilities in Canada and China. The corporate expenses for the six months ended March 31, 2015 were $495,028, an increase of $23,923, compared to $471,105 during the six months ended March 31, 2014. During the six months ended March 31, 2015, salaries, wage and benefits increased by $83,924, to $186,026, from $102,102. This increase is primarily due to the increase in business activities, including the addition of full-time management staff.

Other expenses increased by $422,027, to $444,857 for the six months ended March 31, 2015, from $22,830 for the six months ended March 31, 2014. This increase is primarily the result of the increase in share of loss and dilution loss in associated company of $334,253. During the six months ended March 31, 2015, the Company acquired 33.44% ownership in SRHL giving it significant influence over SRHL's operations. The ownership was reduced to 32.37% as at March 31, 2015. The investment is being accounted for using the equity method and includes a pro-rate share of SRHL's transactions.

In addition, foreign exchange loss increased to $70,282 during the six months ended March 31, 2015 compared to $3,901 during the six months ended March 31, 2014. This increase in foreign exchange loss is primarily related to the fluctuation of the exchange rate between Canadian Dollars ("CAD"), Chinese Yuan ("RMB") and Hong Kong dollars ("HKD"). The Company is required to re-measure the monetary assets and liabilities held in RMB and HDK at each reporting period using the spot rate.

None of these variations in individual expense categories from previous periods were unusual or indicative of any trend with respect to the future when the Company expects to have more involvement in revenue-generating operations.

LIQUIDITY

As of March 31, 2015, the Company had cash and cash equivalents of $6,125,506 (September 30, 2014 – $883,861). The Company had working capital at March 31, 2015 of $5,042,759 (September 30, 2014 – working capital deficit of $1,586,649).

During the six months ended March 31, 2015, cash from operating activities was $4,345,093 compared to cash used in operating activities of $99,150 during the six months ended March 31, 2014. Cash from financing activities was $2,599,560 compared to $nil during the six months ended March 31, 2014. The funds raised from financing activities were provided by proceeds from the issuance of common shares.

The Company's ability to generate sufficient amounts of cash in the short term to fund its ongoing development activities currently depends to a significant degree on outside capital as the Company's operating activities currently generate less revenue than the anticipated need. The source of investor funding is dependent on the network of, among other factors, contacts of the Company's principals and outside financial advisors and contractors. The Company is planning to increase its revenue-generating activities in 2015 from its present and anticipated new diagnostic facilities.

CAPITAL RESOURCES

At March 31, 2015, the Company has $677,911 of long term debt, and had 130,369,373 shares issued and outstanding ($671,092 of long term debt and 57,173,464 shares outstanding as at September 30, 2014).

The Company has no lines of credit or other sources of financing which have been arranged or are being negotiated. It also has no investments in asset-backed commercial paper.

No commitments for material capital expenditures exist for the Company at March 31, 2015.

The Company is dependent on raising additional funds from the issuance of shares, or possible borrowings, to meet its obligations and fund operations going forward.

OUTSTANDING SHARE DATA

At March 31, 2015, the Company had:

- 130,369,373 common shares issued and outstanding.
- Market capitalization of $26,073,874.
- No warrants outstanding.
- 4,530,000 options outstanding.

Subsequent to March 31, 2015, 80,000 options were exercised for cash proceeds of $4,000.

As of the date of this MD&A, the Company had 130,369,373 shares and 4,490,000 options outstanding.

SUBSEQUENT EVENTS

Subsequent to March 31, 2015:

- On April 2, 2015, G. Andrew Cooke was elected to the Company's Board of Directors. On April 8, 2015, the Company granted 40,000 options with an exercise price of $0.21 to Mr. Cooke. The options are exercisable for a period of five years.
- Following receipt of a Summons to appear in the Magistrates' Court of the Hong Kong Special Administrative Region ("HK SAR") on January 22, 2015 by the Company's subsidiary, the Company's agent appeared in court on the subsidiary's behalf on April 15, 2015. A fine was imposed for late filing of tax returns for the 2013 fiscal year and provisional payment for the 2014 fiscal year by the deadline of May 4, 2013. A fine of HKD 2,400 (approx. CAD$400) was imposed. The Company paid this amount in full subsequent to March 31, 2015.
- On May 14, 2015, the Company settled an outstanding payable with one of its vendors. As result, the Company will recognize a gain on debt settlement of $203,061.

(Expressed in Canadian Dollars - unaudited)

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Lease commitments

On July 31, 2009, the Company entered into a lease agreement to lease a premise located on the 3rd floor of 3185 Willingdon Green, Burnaby, BC for 124 months plus one day commencing on December 31, 2009 and expiring on April 30, 2020. The rentable area is approximately 6,145 square feet and is being utilized by the Company for a diagnostic clinic and the Company's administrative head office.

Fiscal year ended		
2015 (remaining)	$	103,421
2016		230,514
2017		230,514
2018		230,514
2019 to 2020		537,866
	$	1,332,829

The basic rent is:

- $20 per square foot per annum in months 1 to 60 (fiscal years ended 2010 to 2014); and
- $22 per square foot per annum in months 61 to 124 (fiscal years ended 2015 to 2020).

The Company is also responsible for the rent of up to 18 parking stalls while in use and its proportionate share of all real estate taxes, operating costs and utilities on a monthly basis, which are estimated to be at $13.13 per square foot of rentable area for the 2015 fiscal year of the building.

Other commitments

The Company has certain commitments as disclosed in Note 10 of the annual consolidated financial statements as at and for the year ended September 30, 2014.

LEGAL MATTERS

In September 2009, Siemens Medical Solutions USA Inc. ("Siemens") commenced a claim against Premier Diagnostic Health Services (Vancouver) Inc. ("Premier Vancouver"), a wholly owned subsidiary of the Company, and IPET Pharmaceuticals Inc. ("IPET Pharma"). Siemens subsequently joined the Company as a Defendant. Siemens alleges that IPET Pharma transferred, sold or conveyed assets to the Company or Premier Vancouver in a manner that constituted a fraudulent conveyance. Siemens seeks relief against the Company, Premier Vancouver, IPET Pharma, IPET Pharmaceuticals (Montreal) Ltd. and PETSCAN International (Hong Kong) Limited. The Company is of the view that the fair value of the conveyed assets was paid and, documents were exchanged between the parties in early 2013 and examination for discovery was conducted in July 2013. In October 2014, the Company entered into an agreement with Siemens to pay $90,000 in full and final satisfaction of all claims of Siemens. This amount was accrued for and charged to operations during the year ended September 30, 2014. A Consent Order from the Supreme Court of British Columbia filed on December 16, 2014 dismissed the whole proceeding.

CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer have instituted a system of disclosure controls for the Company to ensure proper and complete disclosure of material information. All documents are circulated to responsible members of management and the board of directors according to the disclosure time-lines as required by regulators and under advisement by our legal counsel. The disclosure controls conforms to the Company's Corporate Governance policies.

(Expressed in Canadian Dollars - unaudited)

The Chief Executive Officer and Chief Financial Officer have also designed internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the integrity and reliability of financial reporting information and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer have concluded, based on an evaluation as of March 31, 2015, that the disclosure controls and procedures for the Company are effective to provide reasonable assurance that material information related to the Company is disseminated in a timely manner. It should be noted that while the Company's Chief Executive Officer and the Chief Financial Officer believe that the Company's disclosure controls and procedures provide a reasonable level of assurance that the system of internal control are effective, they do not guarantee that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements in place.

RELATED PARTY TRANSACTIONS

The financial statements include the accounts of the Company and its subsidiaries as listed in the following table:

		Percentage owned	
	Country of incorporation	March 31, 2015	March 31, 2014
Premier Diagnostic Health Vancouver Inc.	Canada	100%	100%
Premier Diagnostic Center (Vancouver) Inc.	Canada	100%	100%
Premier Investment (Hong Kong) Ltd.	China	100%	100%
Premier Diagnostic (Hong Kong) Ltd.	China	100%	100%
Premier Diagnostic (China) Corporation (1)	China	100%	100%

(1) Premier Diagnostic (China) Corporation is 100% owned by Premier Diagnostic (Hong Kong) Ltd.

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Related party transactions and balances

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined its key management personnel to be executive and non-executive officers and directors of the Company.

The remuneration, including share-based payments, of key management personnel during the six months ended March 31, 2015 and 2014 were as follows:

	For the six months ended			
	March 31, 2015		March 31, 2014	
Salaries and benefits (1)	$	**122,600**	$	9,750
Consulting fees		**37,575**		-
Share-based payments		**17,287**		9,291
	$	**177,462**	$	19,041

(Expressed in Canadian Dollars - unaudited)

(1) Include a bonus of $25,000 and 100,000 common shares with a fair value of $20,000 (March 31, 2014 – $nil) were paid to the CEO, also a director, of the Company.

In addition, the Company incurred the following transactions with other related parties during the six months ended March 31, 2015 and 2014:

- Professional fees of $154,154 (March 31, 2014 – $70,390) of which $43,386 were classified as share issue costs (March 31, 2014 – $nil) were incurred to a law firm whose principal is a director of the Company.
- Salary and benefits of $45,000 (March 31, 2014 – $48,000) were paid to a former CEO, also a director and a founder, of the Company.
- Consulting fees of $nil (March 31, 2014 – $24,000) were accrued to a director.

During the six months ended March 31, 2015, the Company entered into a debt settlement agreement with a former CEO, also a director and a founder of the Company, to settle the outstanding payables of $127,194 with cash of $93,921; as a result, a gain on debt settlement of $33,273 was recognized in the statement of loss (March 31, 2014 – $nil).

Accounts payable and accrued liabilities includes $72,886 (September 30, 2014 – $287,558) due to directors, companies or businesses controlled by directors and companies related by common control and common directors.

As at March 31, 2015 and September 30, 2014, a loan of $7,267 was due from the former COO, who continues to act as a president of one of the Company's subsidiaries. The loan is non-interest bearing with no specific terms of repayment.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

Financial instruments are classified into one of the five following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. Cash and cash equivalents are designated as fair value through profit and loss and their carrying value approximates fair value as they are cash or they are readily convertible into cash in the normal course. Accounts and GST receivable and loan receivable are classified as loans and receivables. Their carrying value approximates fair value due to their limited time to maturity and ability to convert them to cash in the normal course of business. Accounts payable, accrued liability and convertible debentures are classified as other financial liabilities. Their carrying values also approximate fair value due to their short term maturities. Other long-term liabilities are designated as fair value through profit and loss.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1	quoted prices in active markets for identical assets or liabilities;
Level 2	inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
Level 3	inputs for the asset or liability that are not based upon observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At March 31, 2015, cash and cash equivalents of $6,125,606 have been measured and recognized in the statement of financial position using Level 1 inputs and other long term liability of $677,911 have been measured and recognized in the statement of position using Level 3 inputs. Level 3 inputs include the use of a discounted cash flow model. Estimates are made regarding (i) future cash flows which are driven by historical information, and (ii) the discount rate used. At March 31, 2015 and September 30, 2014, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 in the fair value hierarchy above.

Financial risk management

The Company's operations consist of providing health services in Canada and China. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of being affected by these risks, which may include credit risk, liquidity risk, interest rate risk, currency risk and other price risks. When material, these risks are also reviewed and monitored by the Board of Directors.

Credit Risk

Credit risk is the loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to liquid investments in bankers' acceptance and term deposits with a local Chinese bank, the carrying value of accounts and GST receivable, and a loan receivable from a related company. Management believes that the credit risk concentration with respect to financial instruments above is remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2015, the Company had a working capital of $5,042,759. Included in cash and cash equivalents balances are funds invested in China which are subject to liquidity risk as any funds to be withdrawn from the entity will be subject to various approvals. The Company will continue to raise additional capital through future private placements and public offerings.

Market Risk

The significant market risk exposure to which the Company is exposed are interest rate risk, currency risk and other price risk. The Company has a significant interest in a Company in China. All funds maintained by the entity are subject to foreign currency fluctuation and the bank account earns interest income at variable rates.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2015.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on cash and cash equivalents outstanding at March 31, 2015 would result in a $62,561 change to the Company's net loss for the six months ended March 31, 2015.

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash and cash equivalents, accounts and GST receivable, loan receivable, accounts payable, accrued liability, convertible debentures and other long term liability are held in Canadian

(Expressed in Canadian Dollars - unaudited)

Dollars ("CAD"), Chinese Yuan ("RMB") and Hong Kong dollars ("HKD"); therefore, RMB and HKD accounts are subject to fluctuation against the Canadian dollar.

The Company had the following balances in foreign currency as at March 31, 2015:

	in CAD	in RMB	in HKD
Cash and cash equivalents	5,976,357	722,940	1,105
Accounts and GST receivable (exclude GST receivable)	1,162	256,865	-
Loan receivable	7,267	-	-
Accounts payable	(719,605)	(7,807)	-
Accrued liability	(57,428)	-	-
Convertible debentures	(400,598)	-	-
Other long term liability	-	(3,289,018)	-
Total foreign currencies	**4,807,155**	**(2,317,020)**	**1,105**
Foreign currency rate	1.000	0.2062	0.1630
Equivalent to Canadian dollars	**$ 4,807,155**	**$ (477,769)**	**$ 180**

Based on these balances as at March 31, 2015, if the Chinese Yuan had weakened (strengthened) against the Canadian dollar, with all other variables held constant, by 10%, net loss would have decreased (increased) by approximately $47,777.

Based on these balances as at March 31, 2015, if the Hong Kong had weakened (strengthened) against the Canadian dollar, with all other variables held constant, by 10%, net loss would have increased (decreased) by approximately $18.

Other price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers the items included in shareholders' equity (deficiency) and debt financing as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. Cash consists of cash at a major Canadian chartered bank and at a major Chinese bank. Cash with a Canadian chartered bank is insured by the Canadian Deposit Insurance Corporation (CDIC). The Company's subsidiary, Premier Diagnostics (Hong Kong) Limited, invested a total of US$200,000 into a wholly foreign owned subsidiary in China.

NEW ACCOUNTING STANDARDS

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. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.

- IFRS 9 Financial Instruments ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2018, with early adoption permitted.

- IFRS 15 Revenue from Contracts with Customers ("IFRS 15") is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

RISKS AND UNCERTAINTIES

The Company's new business as an Investment Issuer will be subject to a number of significant risk factors, and an investment in the Company will involve a high degree of risk. Investors should carefully consider each of such risks and before investing in the Company. The success of the Company will depend entirely on the expertise, ability, judgment, discretion, integrity and good faith of its management.

The risks consist of:

- ***No Operating History as an Investment Issuer***
  The Company does not have any record of operating as an Investment Issuer. As such, upon completion of the Change of Business, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its financial objectives as estimated by the Management. Furthermore, past successes of the Management or the Board in other ventures does not guarantee future success.

- ***Risks of Competition***
  The Company will face competition from other capital providers, all of which compete with it for investment opportunities. These competitors may limit the Company's opportunities to acquire interests in investments that are attractive to the Company. The Company may be required to invest otherwise than in accordance with its Investment Policy and strategy in order to meet its investment objectives. If the Company is required to invest other than in accordance with its

Investment Policy and strategy, its ability to achieve its desired rates of return on its investments may be adversely affected.

- ***Risks of Fluctuations in the Value of the Company and the Common Shares***
  The net asset value of the Company and market value of the Common Shares will fluctuate with changes in the market value of the Company's investments. Such changes in value may occur as the result of various factors, including general economic and market conditions, the performance of corporations whose securities are part of the Company's investment portfolio and changes in interest rates which may affect the value of interest-bearing securities owned by the Company. There can be no assurance that Shareholders will realize any gains from their investment in the Company and may lose their entire investment.

- ***Dividends***
  To date, the Company has not paid dividends on any of its Common Shares and the Company is not required to pay any dividends on its Common Shares in the foreseeable future. Any decision to pay dividends will be made on the basis of the Company's earnings, financial requirements and other conditions.

- ***Due Diligence***
  The due diligence process undertaken by the Company in connection with investments that it makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence investigations, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence investigations and making an assessment regarding an investment, the Company will rely on resources available, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

- ***Currency Risk***
  Some of the Company's assets may be invested in foreign securities. Consequently, the Canadian dollar equivalent of the Company's net denominated assets and dividends would be adversely affected by reductions in the value of the applicable foreign currencies relative to the Canadian dollar and would be positively affected by increases in the value of the applicable foreign currencies relative to the Canadian dollar.

- ***Foreign Investment Risks***
  Foreign investments made by the Company may be subject to political risks, risks associated with changes in foreign exchange rates, foreign exchange control risks and other similar risks.

- ***Risk of Lack of Diversification of Investments***
  Investments concentrated in specific sectors are generally more volatile than the overall market. Investing in only specific sectors of the stock market entails greater risk (and greater potential reward) than investing in all sectors of the stock market. If a sector declines or falls out of favour,

the share values of most or all of the corporations in that sector will generally fall faster than the market as a whole. The opposite is also true.

- ***Commodity Risk***
  The Company may invest in sectors that are very sensitive to the fluctuations of commodity prices.

- ***Equity Market Risk***
  The price of the equity securities in which the Company may invest are influenced by the issuing corporation's outlook, market activity and regional, national and international economic conditions. When the economy is expanding, the outlook for many corporations is equally promising, and the value of their equity securities should rise in agreement. The opposite is also true. Typically, the greater the potential reward, the greater the potential risk. For small corporations and corporations in the emerging sectors the risk and reward ratio is usually greater. Equity-related securities, which give indirect exposure to the equity value of a corporation, such as warrants and convertible securities, can also be affected by this equity risk.

- ***Private Corporation Risks***
  Investments in private corporations cannot be resold without a prospectus, an available prospectus exemption or an appropriate ruling under relevant securities legislation. Even if they can be sold, there may not be a market for such securities. This may impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private corporations may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. The process of valuing investments in private corporations will inevitably be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

- ***Risk of Dilution from Possible Future Offerings***
  The Company may issue additional securities from time-to-time to raise funding for its business and such issuances may be dilutive to Shareholders.

- ***Risks of Investment in Illiquid Securities***
  There is a possibility that the Company will be unable to dispose of illiquid held in its portfolio and if the Company is unable to dispose of some or all of the Company's investments at the appropriate time, a return on such investment may not be realized.

- ***Loss of Investment Risk***
  An investment in the Company is speculative and may result in the loss of a substantial portion of an investor's investment. Only potential investors who are experienced in high risk investments and who can afford to lose a substantial portion of their investment should consider an investment in the Company.

- ***No Guaranteed Return Risk***
  There is no guarantee that an investment in the Company will earn any positive return in the short term or long term.

- ***Reliance on Management Risk***
  Investors will be dependent on the Management and evaluation capabilities of the CEO with Board oversight for investment decisions as explained in the Investment Strategy. Investors not willing to rely on the Management and judgment of the Board should not invest in the Company.

- ***Reliance on Key Consultants Risk***
  The Company may be dependent on consultants for evaluations of some of its investment opportunities. There can be no assurance such consultants will remain retained by the Company or be available as and when needed.

- ***Market Disruption Risks***
  War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual corporations or related groups of corporations. These risks could also adversely affect securities markets, inflation and other factors relating to the securities that would be held from time to time. Such events could, directly or indirectly, have a material effect on the prospects of the Company and the value of the securities in its investment portfolio.

- ***Conflicts of Interest***
  Some of the directors, officers, promoters and other members of the management of the Company may, now and in the future, act as directors, officers, promoters and members of management of other companies. There is no guarantee that, while performing their duties with respect to the Company, the directors, officers and promoters will not find themselves in situations that may give rise to conflicts of interest. There is no guarantee that such conflicts will be resolved in a manner favourable to the Company. The Company is currently developing a conflict of interest policy.

  The directors and officers of the Company are aware of existing legislation providing for directors' liability with respect to favourable business opportunities for the applicable company and requiring directors and officers to disclose any conflicts of interest. They are also aware that the Company will avail itself of the aforesaid legislation with respect to any conflicts of interest involving its directors and officers or with respect to such directors' and officers' failure to fulfill their duties.

- ***Risks Related to Premier as a Going Concern***
  The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company has raised capital through various private placements and proposes to continue to do so through future private placements and public offerings. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain adequate additional financing, management may be required to curtail or cease some or all of the Company's operations.

- ***Investment in SRHL - No Operating History and Expected Losses***
  The Company's current investment in SRHL has no operating history and expects to make significant investments in order to build infrastructure, operations and develop its services. Start-up operating losses are expected and such losses may be greater than anticipated, which could have a significant adverse effect on the long-term viability of the Company.

  Currently, the Company is operating medical diagnostic imaging centers in Canada and China. This operation is exposed to a number of risks and uncertainties that are common to the industry. The following is a summary of certain risk factors which have or are reasonably likely to have an effect on the Company's financial statements and financial condition. In addition to those stated below, other risks are also discussed elsewhere in this document.

- ***Additional Funding Requirements***
  The Company is reliant upon additional equity financing in order to continue its businesses and operations. There is no guarantee that future sources of funding will be available to Premier. If the Company is not able to raise additional equity funding in the future it may be unable to continue all its businesses.

- ***Negative Operating Cash Flows***
  As the Company continues to ramp up its Burnaby clinic operations, it may continue to have negative operating cash flows until the clinic is running optimally. Without the injection of further capital and the development of further revenue streams from its business, the Company may continue to have negative operating cash flows until it has fully developed its market.

- ***Litigation Risks***
  Litigation and legal matters include our ability to successfully defend potential actions against us and legal compliance complexity domestically and in foreign jurisdictions.

- ***Intellectual Property Rights***
  The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

- ***Uncertainty Regarding Penetration of the Target Market***
  The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential users and the medical community. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, patient and physician services and performance. The Company's success will depend on such factors as its ability to maintain and expand its network of facilities and its patient numbers. The Company will need to expand its marketing and sales operations and establish business relations with suppliers and users in a timely manner. The Company may not be able to achieve these needs so as to meet its projections, or at all.

  In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's services will be accepted and recommended. Failure of the Company's business to achieve significant acceptance in the market will have an adverse effect on the Company's financial statements and operating results.

- ***Competition, Technological Obsolescence***
  The diagnostic imaging device industry is competitive. Others in the field may have significantly more financial, technical, distribution and marketing resources. Technological progress and product development may cause the Company's services to become obsolete or may reduce their market acceptance.

- ***Operating History and Expected Losses***
  The Company expects to make significant investments in order to develop its services, increase marketing efforts, improve its operations, conduct research and development and major servicing

to the Burnaby PET/CT scanner in 2014. Start-up operating losses are expected and such losses may be greater than anticipated, which could have a significant adverse effect on the long-term viability of the Company.

- ***Reliance on Joint Ventures, Licence Assignors and Other Parties***
  The nature of the Company's operations requires it to enter into various agreements with joint venturers, hospitals and other medical facilities, medical equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of its businesses and the successful marketing of its services.

  There is no guarantee that those with whom the Company needs to deal will not adopt other technologies or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the Company's competitors, in preference to those of the Company.

- ***Growth Management***
  In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties. There is no guarantee that the Company will be able to successfully manage the growth of its business.

- ***Regulatory Risks***
  Diagnostic imaging clinics are subject to a number of technological challenges and requirements, and will be subject to the regulations and standards imposed by applicable regulatory agencies. There can be no assurance that the Company will be able to comply with all regulations concerning its businesses.

- ***Potential Liability***
  The Company is subject to the risk of potential liability claims with respect to its diagnostic imaging business. Should such claims be successful, plaintiffs could be awarded significant amounts of damages, which could exceed the limits of any liability insurance policies held by the Company. There is no guarantee that the Company will be able to obtain, maintain in effect or increase any such insurance coverage on acceptable terms or at reasonable costs, or that such insurance will provide the Company with adequate protection against potential liability.

- ***Potential Fluctuations in Yearly Results***
  The Company anticipates significant future fluctuations in its quarterly operating results caused by a number of factors, including: (i) the rate at which the diagnostic imaging industry is developing; (ii) fluctuating development and other operating costs that are necessary for future growth; (iii) competition; (iv) general economic conditions; and (v) obtaining the necessary funds to expand operations. Consequently, the Company is of the opinion that operating results comparisons will not necessarily be meaningful and that such comparisons should not be relied upon in order to assess future returns.

- ***Activities in China***

  The Company's services and capital expenditures will relate materially to its activities in China. The Company plans to continue to increase these activities. In general, international commercial activities entail certain risks, including but not limited to country risk and foreign exchange risk. The key to success is to operate locally with international standards and best practices.

  The healthcare sector in China is heavily regulated. The Company's business, financial condition, results of operations and prospects is however less affected by economic, political and legal developments in China given its size of business, ability in structuring deals and business agility.

  The Chinese government continues to encourage private and foreign investments into the Healthcare sector. This further expands the target market for the Company. The Company is exploring to replicate its existing successful model in public hospitals, as well as the fast growing private and foreign funded hospitals. The restrictive measures in procurement, installation and operation of large medical equipment are relaxing in private and foreign invested hospitals. As a result, it is reasonable to anticipate increasing competition.

  China is sweeping corruption nationwide in all sectors and levels. This, in general, is favorable to the Company due to such high levels of compliance requirements.

SCHEDULE D – MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

PREMIER DIAGNOSTIC HEALTH SERVICES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FORM 51-102F1

FOR THE YEAR ENDED SEPTEMBER 30, 2014

The following management discussion and analysis as of January 26, 2015 should be read in conjunction with the audited condensed financial statements of Premier Diagnostic Health Services Inc. (the "Company"), and the notes relating thereto, for the fiscal year ended September 30, 2014, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian currency unless stated otherwise. Additional information relating to the Company is filed on SEDAR at www.sedar.com.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the consolidated financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

Forward-Looking Statements

Certain statements contained in this MD&A, and in certain documents incorporated by reference in this MD&A, constitute "forward looking information" within the meaning of applicable Canadian securities laws. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions are often used to identify forward looking statements.

These statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events, and include, but are not limited to statements relating to the Company's objectives, priorities, strategies, actions, targets, expectations and outlook. By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward looking statements. In evaluating these statements, a reader should specifically consider various factors; including the risks outlined in this MD&A under the heading "Risk Factors" which may cause actual results to differ materially from any forward looking statement.

The forward looking statements contained herein reflect management's current expectations and beliefs and are based upon certain assumptions that management believes to be reasonable based on the information currently available to management. Such assumptions include, but are not limited to, assumptions regarding: (i) general economic conditions; (ii) the expected actions of third parties, (iii) the Company's future growth prospects and business opportunities. Should one or more of the risks or uncertainties identified herein materialize, or should the assumptions underlying the forward looking statements prove to be incorrect, then actual results may vary materially from those described herein.

Readers are cautioned not to place undue reliance on forward looking statements. Except as required by applicable securities laws, we do not intend, and do not assume any obligation, to update the forward looking statements contained herein.

(Expressed in Canadian Dollars - unaudited)

Highlights

Corporate Reorganization

On April 1, 2014, the Company completed a corporate reorganization, the ("Reorganization"). The Company wound up its wholly-owned subsidiary, Premier Diagnostic Health Services (Vancouver) Inc. ("Subco") and incorporated a new wholly-owned subsidiary, Premier Diagnostic Center (Vancouver) Inc. ("Newco"). Prior to being wound up, Subco assigned all of its assets and liabilities to the Company, including the Burnaby-based Center for Advanced Diagnostics. The Company and Newco then entered into an asset purchase agreement pursuant to which Newco purchased all of the assets previously held by Subco. Payment was made by way of shares of Newco issued to the Company and a Promissory Note.

During the year ended September 30, 2014, Newco closed a $500,000 private offering and issued 500,000 Class A Convertible Preferred Shares at $1.00 per share in two tranches, of which 475,000 shares were issued for cash of $475,000 and 25,000 shares were issued in settlement of debt of $25,000. Part of the cash proceeds was used to pay off the Promissory Note. These Preferred Shares were issued to insiders of the Company. Each of these Class A Convertible Preferred Shares is convertible into twenty common shares of the Company for a period of two years from the date of issuance. Any declared but unpaid dividends on the Class A Convertible Preferred Shares will be convertible into common shares of the Company at a conversion price of $0.05 per share.

Newco will continue to run the Burnaby-based Center for Advanced Diagnostics under a new management team, which is currently being built, and under a new name, "Premier Diagnostic Center."

Management Changes

Following the reorganization, the Company's Board of Directors is comprised of:

Don Durand [3]

Alnesh Mohan [2, 3, 4]

Sanjeev Parsad [1, 2, 4]

Ian D. Roberson [2, 3, 4]

Dr. Simon Sutcliffe (Non-Executive Chairman) [1, 2]

Denis Tusar

Gang Yang [1]

[1] Executive Committee
[2] Corporate Governance Committee
[3] Compensation Committee
[4] Audit Committee

The Board appointed the following officers:

Sanjeev Parsad	President and CEO
Xiang Rong (Grace) Xian	CFO & Vice President of China Operations
Marta C. Davidson	Corporate Secretary
Daniel N. Waters	Controller

China Operations

On August 5, 2014, the Company appointed Gang Yang to its Board of Directors. Mr. Yang was also appointed Consultant of both Premier Diagnostics (Hong Kong) Limited and Premier Diagnostic (China) Corporation and will participate in the senior management of the Company's Chinese subsidiaries.

Burnaby Center

During this past year, the Burnaby Center ("Center") established a blood draw clinic in collaboration with Cancer Treatment Options and Management Inc. ("CTOAM"). CTOAM provided hardware, supplies, and a qualified nurse, while the Center provided space within the clinic. Blood is drawn from cancer patients and then separated. The plasma is then frozen and sent to Johns Hopkins University in Baltimore, Maryland for genetic sequencing. Results are sent to CTOAM to identify circulating tumour DNA markers. The results can be critical for specifying optimal treatment options for cancer patients.

Financing

The Company's subsidiary completed a financing concurrent to the Reorganization described above in April 2014 with the issuance of secured convertible debentures in the aggregate principal amount of $250,000. In July 2014, the Company completed a second financing with the issuance of secured convertible debentures in the aggregate principal amount of $200,000. The debentures bear interest at a rate of 6%, mature on March 31, 2016 and July 9, 2016, and are convertible on or prior to the maturity date at the holder's option into units of the Company, at $0.05 per unit, each unit consisting of one share purchase warrant and one common share of the Company. Each share purchase warrant will be exercisable for a period of 24 months from the date of issuance of the debentures to purchase an additional share at $0.05. The proceeds were used to pay off outstanding payables and maintain operations.

Our Business Model

The principal business of the Company is the establishment and operation of diagnostic imaging centers in Canada and China, together with an integrated support services infrastructure, use of PET/CT (Positron Emission Tomography-Computed Tomography) and/or MRI (Magnetic Resonance Imagining) technologies. Activities to-date have been the development and operation of a PET/CT diagnostic scanning Center in Burnaby, BC and the establishment of an MRI diagnostic scanning facility under a cooperative venture between the Company's Chinese subsidiary and the Military Police Hospital No. 3 in Beijing, China, as well as the raising of capital, the identification and evaluation of potential additional locations for facilities, and advancement of plans and regulatory approval for commencement of development of these other facilities. The Burnaby Center commenced scanning operations in November 2010 and the Beijing MRI Facility in October 2010.

Outlook

In addition to actively managing its two operating scanning facilities, one in each of Canada and China, the Company is actively pursuing opportunities to develop and operate a network of Premier Diagnostic Centers in China and, to a lesser extent, in Canada to provide an integrated support diagnostic service infrastructure to the medical profession, founded on PET/CT and/or MRI technologies, the gold standards in imaging diagnostics, in order to provide shareholder value. Management time and Company resources are being expended to raise the necessary capital, identify and evaluate potential locations and potential partners both in China and Canada and advancing plans and regulatory approval for commencement of development of these facilities.

Results of Operations

Total revenue generated in the fiscal year ended September 30, 2014 was $747,799 (September 30, 2013: $698,763), including net revenue distributed from the joint venture MRI Center in China in the year of $648,934 (September 30, 2013: $632,122).

The revenue-generating scanning operations at the Burnaby Center and the Beijing MRI Facility resulted in the following:

- Scan volumes increased by 502 to 11,924 during the year ended September 30, 2014 (September 30, 2013 - 11,422) in the Beijing facility compared with the previous year. Scan volumes in China are dependent on the underlying demand and ability of the hospital administration to generate physician requisitions.

- During the year ended September 30, 2014 the Burnaby Center performed 86 scans (September 30, 2013 – 81 scans). The Burnaby Center activities slightly increased over the prior year as a result of the reopening of the clinic after upgrades and equipment servicing. The increase is of particular note due to the Center having experienced three months of downtime resulting from equipment servicing and upgrades.

During the year, as in previous years, the Company's employees and contractors were maintained at the minimum level of staffing necessary for the operation of scanning activities, operating primarily out of the Company-leased premises in Burnaby, and continued further plans to develop diagnostic facilities in Canada and China. Total corporate general administrative expenses for the year ended September 30, 2014 were $919,885 as compared to $1,010,704 in the previous year.

The audited annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that apply to profit-oriented Canadian publicly-traded enterprises. This assumes that the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations. As at September 30, 2014, the Company had not yet achieved profitable operations, had accumulated losses of $15,651,576 (September 30, 2013 - $14,100,744) after consolidation of the loss of Golden Hat Resources Inc. (with which the Company amalgamated in 2010), had a working capital deficit of $1,586,649 (September 30, 2013 - $1,231,875), which may not be sufficient to sustain operations over the foreseeable future, and expects to incur further losses in the development of its business, all of which cast substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders.

Management has raised capital through equity and debt financing, and anticipates that it will continue to do so, in addition to conducting revenue generating operations. The outcome of these efforts cannot be predicted at this time.

Other than as noted herein, all items are considered to be in the ordinary course of business. Since the end of the fiscal year ended September 30, 2014, the Company had transactions or entered into agreements outside of the ordinary course of business as discussed in ***Events After the Reporting Period*** below.

Year Ended September 30, 2014 compared to Year Ended September 30, 2013

The net loss for the fiscal year ended September 30, 2014 was $1,550,832 as compared to $716,024 for the previous year.

Cost of goods sold with respect to the operation of the Premier Diagnostic Center in Burnaby, BC during the year ended September 30, 2014 was $156,666 (September 30, 2013: $153,749) resulting in a gross margin for that facility's operation of $98,865 (September 30, 2013: $66,641). Other operating costs, including depreciation of both the PET/CT scanner in Burnaby and the MRI scanner in Beijing, incurred in the year was $763,979 (September 30, 2013: $534,304) to result in a net operating income (loss) for the year of $16,180 (September 30, 2013: 164,459). Repair and maintenance fees were up by a total of $81,891 from $42,522 to $124,413 due to a new service contract for repairs and maintenance on the Burnaby PET/CT scanner. All other costs of the MRI Center in Beijing are expensed by the Beijing Hospital prior to determining the portion of joint venture net revenue allocated to the Company.

All other expenditures of the Company undertaken in the years ended September 30, 2014 and 2013 were general corporate expenses related to the raising of funds, retention of staff and general administrative overhead in order for the Company to continue in business and further its plans to develop diagnostic facilities in Canada and China. In the year ended September 30, 2014, corporate expenses amounted to $919,885 (September 30, 2013: $1,010,704), a decrease of $90,819 from the previous year. While levels in many categories were similar to the previous year, the significant changes year-to-year for the Company were total compensation to corporate employees (up $128,833 from $124,602 to $253,435) and professional fees (up $56,091 from $149,022 to $205,113) due to increases in staff and increased legal fees as the Company completed a reorganization. Rent remained stable as the Company finished paying back-owed rent. Travel was down by a total of $63,300 to $33,332 from $96,632 due to a decreased need for employees to travel to oversee Chinese operations. Repair and maintenance fees were up by a total of $81,891 from $42,522 to $124,413 due to a new service contract for repairs and maintenance on the Burnaby PET/CT scanner. None of these variations in individual expense categories from previous periods were unusual or indicative of any trend with respect to the future when the Company expects to have more involvement in revenue-generating operations.

(Expressed in Canadian Dollars - unaudited)

Three Months Ended September 30, 2014 compared to Three Months Ended September 30, 2013

The net loss for the three months ended September 30, 2014 was $790,986 as compared to $272,430 for the three months ended September 30, 2013.

Cost of goods sold with respect to the operation of the Premier Diagnostic Center in Burnaby, BC in the three months ended September 30, 2014 were $71,844 (September 30, 2013: $74,044) resulting in a gross margin for that facilities operation of $47,136 (September 30, 2013: $3,546). Other operating costs, including depreciation of both the PET/CT scanner in Burnaby and the MRI scanner in Beijing, incurred in the quarter were $287,567 (September 30, 2013: $163,900) to result in a net operating loss for the quarter of $18,529 (September 30, 2013: income of $7,858). Repair and maintenance fees were down by a total of $896 from $60,677 to $59,781 (September 30, 2013: $21,197) as the contract began second quarter 2014 for repairs and maintenance on the Burnaby PET/CT scanner was continued. All other costs of the MRI centre in Beijing are expensed by the Beijing Hospital prior to determining the portion of joint venture net revenue allocated to the Company.

All other expenditures of the Company undertaken in the quarters ended September 30, 2014 and 2013 were general corporate expenses related to the raising of funds, retention of staff, and general administrative overhead in order for the Company to continue in business and further its plans to develop diagnostic facilities in Canada and China. In the quarter ended September 30, 2014, corporate expenses amounted to $114,785 (September 30, 2013: $410,583), a decrease of $295,798 from the previous year. While levels in many categories were similar to the previous comparable quarter, the significant changes for the Company were total compensation to corporate employees (up $62,215 from $26,025 to $88,240), and professional fees (down $68,735 from $95,797 to $27,062) due to increase in staffing numbers and re-categorization of expenses and decreased legal fees as the Company had less need for legal services. Rent remained stable as in the previous comparable quarter. None of these variations in individual expense categories from previous periods were unusual or indicative of any trend with respect to the future when the Company expects to have more involvement in revenue generating operations.

Selected Annual Information

Summary of Annual Results

	For the years ended					
		September 30, 2014		**September 30, 2013**		**September 30, 2012**
Total operating revenue	$	747,799	$	698,763	$	532,818
Loss before other items	$	(936,065)	$	(846,245)	$	(910,818)
Net loss	$	(1,550,832)	$	(716,024)	$	(1,059,352)
Basic and diluted loss per share	$	(0.03)	$	(0.02)	$	(0.03)
Total assets	$	7,397,115	$	1,575,053	$	1,749,556
Total long-term financial liabilities	$	(671,092)	$	(528,446)	$	(589,338)
Total liabilities	$	(8,500,321)	$	(1,962,222)	$	(1,920,615)
Cash dividends declared per share	$	-	$	-	$	-

(Expressed in Canadian Dollars - unaudited)

Summary of Quarterly Results

	Three Months Ended			
	Sept 30/14	**Jun 30/14**	**Mar 31/14**	**Dec 31/13**
Total operating revenue	$ 244,165	$ 173,529	$ 159,198	$ 170,907
Loss before other items	$ 158,188	$ 394,286	$ 193,686	$ 189,905
Net loss	$ 790,986	$ 353,423	$ 204,797	$ 201,626
Net loss per share - basic	$ 0.02	$ 0.01	$ -	$ -
Net loss per common share - fully diluted	$ 0.02	$ 0.01	$ -	$ -

	Three Months Ended			
	Sept 30/13	**Jun 30/13**	**Mar 31/13**	**Dec 31/12**
Total operating revenue	$ 171,759	$ 186,351	$ 174,568	$ 166,085
Loss before other items	$ 402,724	$ 225,993	$ 118,129	$ 99,399
Net loss	$ 272,430	$ 225,898	$ 118,359	$ 99,337
Net loss per share - basic	$ 0.01	$ 0.01	$ -	$ -
Net loss per common share - fully diluted	$ 0.01	$ 0.01	$ -	$ -

The fluctuation in net loss on a quarterly basis is attributable to variations in various expense items, such as overall compensation, premises cost, professional fees and travel, which occur due to the administrative and fund raising activities occurring during a particular period and to the availability of funds in those periods to pay for those activities. There is no seasonality to these variations, nor are they indicative of any trend.

Liquidity

As of September 30, 2014, the Company had cash and cash equivalents of $883,861 (September 30, 2013: $108,433). The Company had a working capital deficit at September 30, 2014 of $1,586,649 (September 30, 2013: $1,231,875).

During the year ended September 30, 2014, operating (and administrative) activities used cash of $5,848,299 compared to $461,768 in the previous year ended September 30, 2013. Financing activities provided cash of $6,623,727 in the year ended September 30, 2014. The 2014 funds were provided by proceeds from the issuance of common shares and convertible debentures, none of which included finders' fees.

The Company's ability to generate sufficient amounts of cash in the short term to fund its ongoing development activities currently depends to a significant degree on outside capital as the Company's operating activities currently generate less revenue than the anticipated need. The source of investor funding is dependent on the network of, among other factors, contacts of the Company's principals and outside financial advisors and contractors. The Company is planning to increase its revenue-generating activities in 2015 from its present and anticipated new diagnostic facilities.

Capital Resources

At September 30, 2014 the Company has $671,092 of long term debt, and had 57,173,464 shares issued and outstanding ($528,446 of long term debt and 52,319,978 shares outstanding as at September 30, 2013).

The Company has no lines of credit or other sources of financing which have been arranged or are being negotiated. It also has no investments in asset-backed commercial paper.

No commitments for material capital expenditures exist for the Company at September 30, 2014.

The Company is dependent on raising additional funds from the issuance of shares, or possible borrowings, to meet its obligations and fund operations going forward.

(Expressed in Canadian Dollars - unaudited)

Outstanding Share Data

At September 30, 2014 the Company had:

- 57,173,464 common shares issued and outstanding.
- Market capitalization of $11,434,693.
- No warrants outstanding.
- 4,530,000 options outstanding.

As of the date of filing, the Company had 130,269,373 shares and 4,530,000 options outstanding.

Contractual Obligations and Commitments

Contractual obligations and commitments of the Company relate to lease commitments and a technology agreement commitment.

With respect to the Premier Diagnostic Center Clinic and head office premises lease, the only significant commitment is that the Company entered into an agreement to lease the premises located on the 3rd floor of 3185 Willingdon Green, Burnaby, BC for 124 months plus one day commencing on December 31, 2009 and expiring on April 30, 2020. The rentable area is approximately 6,145 square feet and is being utilized by the Company for a diagnostic clinic and the Company's administrative head office.

Contractual Obligations	Payments Due by Period				
	2014	2015	2016	2017	2018 to End
Premises Lease	$ 206,841	$ 230,514	$ 230,514	$ 230,514	$ 537,866

The basic rent is:

- $20 per square foot per annum in months 1 to 60; and
- $22 per square foot per annum in months 61 to 124.

The Company is also responsible for its proportionate share of all real estate taxes, operating costs and utilities on a monthly basis, which are estimated to be at $13.13 per square foot of rentable area for the 2015 fiscal year of the building.

The Company also has the use of up to 18 parking stalls during the term of the lease. Surface parking stalls are currently charged at $70 for random and $90 for reserved per month per stall and underground stalls are currently charged at $90 per stall per month.

With respect to the cooperative joint venture agreement between Beijing Premier International Medical Equipment Technology Services Corporation Limited ("Premier Beijing"), the wholly-owned subsidiary of the Company's subsidiary, Premier Diagnostics (Hong Kong) Ltd. ("Premier HK"), and People's Republic of China Military Police Beijing Head Precinct Hospital No. 3 (the "Hospital"), Premier Beijing was responsible for the design of the clinic and the purchase and installation of an MRI scanner which is being jointly operated under the direction of the Hospital's staff. Under the terms of the JV, Premier Beijing will receive monthly a share of the clinic's operating revenue, net of certain specified items, initially on the basis of 77% of revenue and reducing to 51% from year six onwards. On the termination of the contract in 10 years, the Hospital will have the right to purchase for a nominal price the MRI equipment, now owned by Premier Beijing and recorded in the financial statements at 100% of the purchase price. In exchange for financing and other assistance to Premier Beijing with respect to this venture provided by Amtex Healthcare Inc. ("Amtex"), Amtex will receive 30% of Premier Beijing's allocation of the clinic's net operating revenue for the 10 year term of the cooperative joint venture. Amtex's interest in the ongoing revenue stream from that clinic is recorded as a deferred liability on the Company's Consolidated Statement of financial position.

(Expressed in Canadian Dollars - unaudited)

Legal Matters

In September 2009, Siemens Medical Solutions USA Inc. ("Siemens") commenced a claim against Premier Diagnostic Health Services (Vancouver) Inc. ("Premier Vancouver"), a wholly owned subsidiary of the Company, and IPET Pharmaceuticals Inc. ("IPET Pharma"). Siemens subsequently joined the Company as a Defendant. Siemens alleges that IPET Pharma transferred, sold or conveyed assets to the Company or Premier Vancouver in a manner that constituted a fraudulent conveyance. In the action Siemens seeks relief against the Company, Premier Vancouver, IPET Pharma, IPET Pharmaceuticals (Montreal) Ltd. and PETSCAN International (Hong Kong) Limited. The Company is of the view that fair value of the conveyed assets was paid and, documents were exchanged between the parties in early 2013 and examination for discovery was conducted in July of 2013. In October of 2014, the Company entered into an agreement with Siemens to pay $90,000 in full and final satisfaction of all claims of Siemens. This amount was accrued for and charged to its operation in current year.

Controls and Procedures

The Chief Executive Officer and Chief Financial Officer have instituted a system of disclosure controls for the Company to ensure proper and complete disclosure of material information. All documents are circulated to responsible members of management and the board of directors according to the disclosure time-lines as required by regulators and under advisement by our legal counsel. The disclosure controls conforms to the Company’s Corporate Governance policies.

The Chief Executive Officer and Chief Financial Officer have also designed internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the integrity and reliability of financial reporting information and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer have concluded, based on an evaluation as of September 30, 2014, that the disclosure controls and procedures for the Company are effective to provide reasonable assurance that material information related to the Company is disseminated in a timely manner. It should be noted that while the Company’s Chief Executive Officer and the Chief Financial Officer believe that the Company’s disclosure controls and procedures provide a reasonable level of assurance that the system of internal control are effective, they do not guarantee that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met.

Off-Statement of financial position Arrangements

The Company does not have any off-statement of financial position arrangements in place.

Related Party Transactions

The financial statements include the accounts of the Company and its subsidiaries as listed in the following table:

	Jurisdiction of Formation	**Equity Ownership As At Sept 30, 2014**	**Sept 30, 2013**
Premier Diagnostic Health Services (Vancouver) Inc.	BC	100%	100%
Premier Diagnostic Center (Vancouver) Inc.	BC	100%	N/A
Premier Diagnostic (Hong Kong) Ltd.	China	100%	100%

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties during the year ended September 30, 2014, are disclosed below.

a) Salary and benefits of $58,509 (2013: consulting fees of $96,000 were accrued) were paid to the former CEO, also a director and founder, of the Company.

b) Salary and benefits of $98,075 (2013: $60,000) were paid to a former COO, who continues to be president of one of the subsidiaries of the Company. A loan of $7,267 was also due from this former COO.

c) Salary and benefits of $10,625 (2013: $Nil) were paid to the CEO, also a director, of the Company.

d) Salary and benefits of $30,753 (2013: $Nil as CFO of the Company) were paid to the CFO of the Company during the period while she assumed the role of CFO.

e) Salary and benefits of $39,355 (2013: $50,750) were paid to a former CFO of the Company during the period while he held the role of CFO.

f) Professional fees of $224,631 (2013: $101,919) were incurred to a law firm whose principal is a director of the Company and consulting fees of $Nil (2013: $50,000) incurred to a company controlled by this same director.

g) Accounts payable and accrued liabilities includes $287,558 (September 30, 2013: $229,262) due to directors, ex-directors, companies or businesses controlled by directors and companies related by common control and common directors.

h) On June 2, 2014, the Company issued a secured convertible debenture in the amount of $250,000 to an investment fund whose principals are also new directors of the Company.

i) On July 2, 2014, the Company issued a second secured convertible debenture in the amount of $200,000 to an investment fund whose principals are also new directors of the Company.

j) The Company's subsidiary, Premier Diagnostic Center (Vancouver) Inc., closed a private placement with aggregate gross proceeds of $500,000, pursuant to which it issued 500,000 Class A Convertible Preferred Shares at $1.00 per share to three parties whose principals are directors of the Company.

All related party transactions above are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

Events after the Reporting Period

Subsequent to September 30, 2014, the following events occurred:

a) On September 10, 2014, the Company announced a non-brokered private placement offering, the ("Offering"), of common shares of up to 40,000,000 shares at $0.18 per share for aggregate gross proceeds of up to $7,200,000. Management of the Company reserved the right, in its sole discretion and subject to CSE approval, to increase the Offering by 25% to up to 50,000,000 shares for aggregate gross proceeds of up to $9,000,000. On October 2, 2014, the Company closed the first tranche of the Offering which consisted of 34,108,028 shares for aggregate gross proceeds of $6,139,445, and included 415,000 shares issued as a debt settlement. The second tranche was closed on October 17, 2014, which consisted of 10,480,361 shares for aggregate gross proceeds of $1,886,465. The total gross proceeds raised under the Offering were $8,025,910. After paying the expenses of the Offering, the net proceeds will be used for expansion of the Company's medical diagnostic clinics in China and Canada, for general working capital and for investment purposes.

(Expressed in Canadian Dollars - unaudited)

To reflect the impact of the non-brokered private placement as detailed above on the Company's working capital, the following pro-forma statement of financial position is being presented for information purposes only:

PREMIER DIAGNOSTIC HEALTH SERVICES INC.
Pro-Forma Statement of Financial Position
(Unaudited)

	September 30, 2014 (audited)	Pro-Forma Tranactions (unaudited)	Pro-Forma Statement of Financial Position (unaudited)
ASSETS			
Current			
Cash & cash equivalents	$ 883,861	7,658,910	$ 8,542,771
Restricted cash	5,206,733	(5,206,733)	-
Accounts & GST receivable	116,118	-	116,118
Prepaid expenses	28,601	-	28,601
Loan receivable	7,267	-	7,267
	6,242,580	2,452,177	8,694,757
Security deposit	17,015	-	17,015
Leasehold improvements	190,442	-	190,442
Equipment	947,078	-	947,078
Total Assets	$ 7,397,115	2,452,177	$ 9,849,292
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current			
Accounts payable	$ 947,907	-	$ 947,907
Accrued liabilities	263,573	-	263,573
Tax payable	36,854	-	36,854
Investors deposits	5,768,108	(5,753,733)	14,375
Convertible debentures	812,787	-	812,787
	7,829,229	(5,753,733)	2,075,496
Other long term liability	671,092	-	671,092
Total Liabilities	$ 8,500,321	(5,753,733)	$ 2,746,588
Shareholders' Deficiency			
Equity portion of convertible debentures	96,950	-	96,950
Preferred shares	500,000	-	500,000
Share capital	13,864,795	8,205,910	22,070,705
Surplus	86,625	-	86,625
Deficit, per statement	(15,651,576)	-	(15,651,576)
Total Shareholders' Deficiency	(1,103,206)	8,205,910	7,102,704
Total Liabilities and Shareholders' Deficiency	$ 7,397,115	2,452,177	$ 9,849,292

The above unaudited pro-forma consolidated statement of financial position has been prepared by management and the Company's auditor has not performed a review of this pro-forma consolidated statement of financial position. The unaudited pro forma consolidated statement of financial position gives effect to the issuance of common shares relating to the private placements (the "Transaction") discussed above. The unaudited pro-forma consolidated statement of financial position has been prepared in accordance with IFRS, and, in the opinion of management, *includes all adjustments necessary for fair presentation.*

(Expressed in Canadian Dollars - unaudited)

The unaudited pro-forma consolidated statement of financial position includes certain amounts that are based on management estimates and judgements, and the accompanying note provides a detailed description of the assumptions and adjustments performed in the development of this unaudited pro-forma consolidated statement of financial position. A pro-forma consolidated statement of financial position is based on management assumptions and adjustments which are inherently subjective. Actual amounts recorded upon the issuance of common shares will likely differ from those recorded in the unaudited pro-forma consolidated statement of financial position..

The unaudited pro-forma consolidated statement of financial position has been prepared for illustration purposes only and is not intended to reflect the results of operations of the financial position of the Company which would have actually resulted had the Offering been effected on the date indicated. Further, the unaudited pro-forma financial information is not necessarily indicative of the results of operations that may be obtained in the future.

i) On October 22, 2014, the Company issued a total of 19,306,885 shares and 9,196,885 share purchase warrants following receipt of conversion notices relating to certain convertible debentures of the Company and convertible preferred shares of the Company's subsidiary, Premier Diagnostic Center (Vancouver) Inc. A total of 19,256,640 shares and 9,196,885 warrants were issued to insiders of the Company. On October 24, 2014, the Company issued a total of 9,196,885 shares following receipt of exercise notices relating to the warrants. All of the shares were issued to insiders of the Company.

ii) On December 16, 2014, the Company completed the acquisition of 3,010,000 common shares of Sequant Re Holdings Limited ("SRHL") at USD$0.50 per common share for total aggregate consideration of USD$1,505,000. This acquisition results in the Company holding approximately 33.44% of the issued and outstanding common shares of SRHL. The Company has the right to appoint three directors to the Board of SRHL, provided that it holds a minimum of 10% of the issued and outstanding common shares. The Company's nominees, Alnesh Mohan, Sanjeev Parsad and G. Andrew Cooke, were appointed to the Board of SRHL as of December 12, 2014. Mr. Mohan is a director of the Company, Mr. Parsad is a director and officer of the Company and Mr. Cooke is a deemed insider of the Company. Mr. Cooke has been appointed to act as Chairman of the Audit and Financial Committee of SRHL and will oversee the financial management of SRHL. Messrs. Parsad and Mohan do not intend to participate in management or daily operations of SRHL. This purchase of the shares of SRHL was for investment purposes.

iii) The Company settled the matter of Siemens Medical Solutions USA Inc. v. Premier Diagnostics Health Services (Vancouver) Inc. et al. with Siemens Medical Solutions USA Inc. ("Siemens") and entered into a settlement agreement and release with Siemens dated effective October 30, 2014. A Consent Order from the Supreme Court of British Columbia filed on December 16, 2014 dismissed the whole proceeding.

iv) The Company paid one of its directors $93,921 for amounts owing for expenses and unpaid salary dating from 2012 to 2014. The amount paid to the director was in full settlement of all amounts owing to the director. A full and final release was signed by the director on November 17, 2014.

Financial Instruments

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, accounts receivable, loans receivable/payable, investor deposits, accounts payable and accrued liabilities, deferred liabilities, other long term liability and loan receivable/payable to shareholders.

Financial Instrument	Classification
Cash and cash equivalents	FVTPL (Level 1)

Accounts receivable	Loans and receivable
Accounts payable & accrued liabilities, loan payable & shareholders' loan	Other liabilities
Deferred liability	Other liabilities
Other long term liability	FVTPL (Level 3)

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that 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 (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of cash and cash equivalents, accounts receivable and accounts payable & accrued liabilities approximate their book values because of the short-term nature of these instruments.

Loan receivable/payable to shareholder and loans receivable/payable are related party transactions and are carried at cost. Due to uncertainty of amounts to be repaid and timing of repayments, deferred liability is carried at carrying value which approximates its amortized cost.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk is the loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to liquid investments in bankers' acceptance and term deposits with a local Chinese bank, and loan receivable from a related company. Management believes that the credit risk concentration with respect to financial instruments above is remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2014, the Company had a working capital deficiency of $1,586,649 (September 30, 2013: deficiency of $1,231,875). Included in cash balances are funds invested in China which are subject to liquidity risk as any funds to be withdrawn from the entity will be subject to various approvals. The Company will continue to raise additional capital through future private placements and public offerings.

Market Risk

The significant market risks exposure to which the Company is exposed are foreign currency risk and interest rate risk. The Company has a significant interest in a Company in China. All funds maintained by the entity are subject to foreign currency fluctuation and the bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rate fluctuations.

Capital Disclosures

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers the items included in shareholders' equity, debt financing and cash as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. Cash consists of cash at a major Canadian chartered bank and at a major Chinese bank. Cash with a Canadian chartered bank is insured by the Canadian Deposit Insurance Corporation (CDIC). The Company's subsidiary, Premier Diagnostics (Hong Kong) Limited, invested a total of US$200,000 into a wholly foreign owned subsidiary in China.

Future Accounting Changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after October 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the summary below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

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 financial statements based on the characteristics of its financial instruments at the time of adoption.

The IASB issued IFRIC 21 - Levies ("IFRIC 21"), an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the impact of the adoption of this interpretation on its financial statements.

The IASB issued amendments to IAS 36 - Impairment of Assets ("amendments to IAS 36"). The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

Risks and Uncertainties

The Company is a medical diagnostic company and is exposed to a number of risks and uncertainties that are common to the industry. The following is a summary of certain risk factors which have or are reasonably likely to have an effect on the Company's financial statements and financial condition. In addition to those stated below, other risks are also discussed elsewhere in this document.

Additional Funding Requirements

The Company is reliant upon additional equity financing in order to continue its businesses and operations. There is no guarantee that future sources of funding will be available to Premier. If the Company is not able to raise additional equity funding in the future it may be unable to continue all its businesses.

Market for Securities

There can be no assurance that an active market for the securities of the Company will develop and be maintained. The market price of the securities of the Company may be subject to significant fluctuations.

From time to time, stock exchanges have experienced extreme fluctuations in price and volume, which were in no way related to the operating results of specific companies.

Conflicts of Interest

Some of the directors, officers, promoters and other members of the management of the Company may, now and in the future, act as directors, officers, promoters and members of management of other companies. There is no guarantee that, while performing their duties with respect to the Company, the directors, officers and promoters will not find themselves in situations that may give rise to conflicts of interest. There is no guarantee that such conflicts will be resolved in a manner favourable to the Company. The Company is currently developing a conflict of interest policy.

The directors and officers of the Company are aware of existing legislation providing for directors' liability with respect to favourable business opportunities for the applicable company and requiring directors and officers to disclose any conflicts of interest. They are also aware that the Company will avail itself of the aforesaid legislation with respect to any conflicts of interest involving its directors and officers or with respect to such directors' and officers' failure to fulfill their duties.

Negative Operating Cash Flows

As the Company continues to ramp up its Burnaby clinic operations, it may continue to have negative operating cash flows until the clinic is running optimally. Without the injection of further capital and the development of further revenue streams from its business, the Company may continue to have negative operating cash flows until it has fully developed its market.

Risks Related to Premier as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company has raised capital through various private placements and proposes to continue to do so through future private placements and public offerings. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain adequate additional financing, management may be required to curtail or cease some or all of the Company's operations.

Litigation Risks

Litigation and legal matters include our ability to successfully defend potential actions against us and legal compliance complexity domestically and in foreign jurisdictions.

Reliance on Key Personnel and Advisors

The Company relies heavily on its directors and officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Recruitment and retention of qualified employees, partners, advisors and consultants will be vital for the successful and efficient management of the growth of the Company. There is competition for such qualified employees, partners, advisors and consultants in the area in which the Company operates and there can be no assurance that the Company will be able to attract and retain such persons.

Intellectual Property Rights

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

Uncertainty Regarding Penetration of the Target Market

The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential users and the medical community. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, patient and physician services and performance. The Company's success will depend on such factors as its ability to maintain and expand its network of facilities and its patient numbers. The Company will need to expand its marketing and sales operations and establish business relations with suppliers and users in a timely manner. The Company may not be able to achieve these needs so as to meet its projections, or at all.

In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's services will be accepted and recommended. Failure of the Company's business to achieve significant acceptance in the market will have an adverse effect on the Company's financial statements and operating results.

Competition, Technological Obsolescence

The diagnostic imaging device industry is competitive. Others in the field may have significantly more financial, technical, distribution and marketing resources. Technological progress and product development may cause the Company's services to become obsolete or may reduce their market acceptance.

Operating History and Expected Losses

The Company expects to make significant investments in order to develop its services, increase marketing efforts, improve its operations, conduct research and development and major servicing to the Burnaby PET/CT scanner in 2014. Start-up operating losses are expected and such losses may be greater than anticipated, which could have a significant adverse effect on the long-term viability of the Company.

Reliance on Joint Ventures, Licence Assignors and Other Parties

The nature of the Company's operations requires it to enter into various agreements with joint venturers, hospitals and other medical facilities, medical equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of its businesses and the successful marketing of its services.

There is no guarantee that those with whom the Company needs to deal will not adopt other technologies or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the Company's competitors, in preference to those of the Company.

Growth Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties. There is no guarantee that the Company will be able to successfully manage the growth of its business.

Regulatory Risks

Diagnostic imaging clinics are subject to a number of technological challenges and requirements, and will be subject to the regulations and standards imposed by applicable regulatory agencies. There can be no assurance that the Company will be able to comply with all regulations concerning its businesses.

Potential Liability

The Company is subject to the risk of potential liability claims with respect to its diagnostic imaging business. Should such claims be successful, plaintiffs could be awarded significant amounts of damages, which could exceed the limits of any liability insurance policies held by the Company. There is no guarantee that the Company will be able to obtain, maintain in effect or increase any such insurance coverage on acceptable terms or at reasonable costs, or that such insurance will provide the Company with adequate protection against potential liability.

Potential Fluctuations in Yearly Results

The Company anticipates significant future fluctuations in its quarterly operating results caused by a number of factors, including: (i) the rate at which the diagnostic imaging industry is developing; (ii) fluctuating development and other operating costs that are necessary for future growth; (iii) competition; (iv) general economic conditions; and (v) obtaining the necessary funds to expand operations. Consequently, the Company is of the opinion that operating results comparisons will not necessarily be meaningful and that such comparisons should not be relied upon in order to assess future returns.

Activities in China

The Company's services and capital expenditures will relate materially to its activities in China. The Company plans to continue to increase these activities. In general, international commercial activities entail certain risks, including but not limited to country risk and foreign exchange risk. The key to success is to operate locally with international standards and best practices.

The healthcare sector in China is heavily regulated. The Company's business, financial condition, results of operations and prospects is however less affected by economic, political and legal developments in China given its size of business, ability in structuring deals and business agility.

The Chinese government continues to encourage private and foreign investments into the Healthcare sector. This further expands the target market for the Company. The Company is exploring to replicate its existing successful model in public hospitals, as well as the fast growing private and foreign funded hospitals. The restrictive measures in procurement, installation and operation of large medical equipment are relaxing in private and foreign invested hospitals. As a result, it is reasonable to anticipate increasing competition.

China is sweeping corruption nationwide in all sectors and levels. This, in general, is favorable to the Company due to such high levels of compliance requirements.

SCHEDULE E – MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF MARCH 26, 2014 TO ACCOMPANY THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PREMIER DIAGNOSTIC HEALTH SERVICES INC. (THE "COMPANY") FOR THE YEAR ENDED SEPTEMBER 30, 2013.

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of the Company for the year ended September 30, 2013, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the health care business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

General Overview

Premier Diagnostic Health Services Inc., (the "Company"), was formed by a Certificate of Amalgamation pursuant to the Business Corporations Act (British Columbia) on July 16, 2010, as the result of an amalgamation between Premier Diagnostic Health Services Inc., which was incorporated under the Business Corporations Act (British Columbia) on September 22, 2006 ("Old PDH"), and Golden Hat Resources Inc. ("Golden Hat"), a company originally incorporated under the Company Act RSBC 1979, as amended, on January 14, 1982 under the name "Banex Resources Corporation" (the "Amalgamation").

Under the terms of the Amalgamation, effective July 16, 2010, all shareholders of Old PDH and Golden Hat became shareholders of the Company. Each Old PDH shareholder is the holder of 1.73 Company shares for each Old PDH share previously held, and each Golden Hat shareholder is the holder of one Company share for each Golden Hat share previously held, the shares of Golden Hat having been previously consolidated on the basis of 1 share for 12 shares. All shares of Old PDH and Golden Hat held prior to the Amalgamation were cancelled.

The principal business of the Company is the establishment of Diagnostic Imaging Centers in Canada and China, together with an integrated support services infrastructure, utilizing of PET (Positron Emission Technology) and/or MRI (Magnetic Resonance Imagining) technologies, and the establishment of facilities for the commercial production of Health Canada-approved CanTrace FDG (fluorodeoxyglucose), the radiopharmaceutical used in PET scanning, for use and sale. Activities to-date have been the development and operation of a PET-CT diagnostic scanning centre in Burnaby, BC and the establishment of an MRI diagnostic scanning facility under a cooperative venture between the Company's China subsidiary and the Military Police Hospital No. 3 in Beijing, as well as the raising of capital, the identification and evaluation of potential additional locations for facilities, and advancing plans and regulatory approval for commencement of development of these other facilities. The Burnaby Centre commenced scanning operations in July 2010 and the Beijing MRI Facility in October 2010.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that apply to profit-oriented Canadian publicly-traded enterprises. This presupposes that the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations. As at September 30, 2013, the Company had not yet achieved profitable operations, had accumulated losses of $14,100,744 after consolidation of the loss of the amalgamated Golden Hat (which totalled $5,353,889 at the time of the amalgamation on July 6, 2010), had a working capital deficit of $1,231,874, and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. Demand for PET/CT has increased and the company has taken steps to improve its Burnaby operational capacity including equipment and system upgrades and additional medical personnel. The Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management has raised capital through various private placements, and exercise of various warrants, and will continue to do so through future private placements and public offerings in addition to conducting revenue generating operations. The eventual outcome of these efforts cannot be predicted at this time. If the Company is unable to make its operations profitable, or obtain adequate additional financing, management may be required to curtail some or all of the Company's operations. These consolidated financial statements do not contain any adjustments to the amounts and classifications of assets and liabilities, which might be necessary should the Company be unable to continue in business.

(Expressed in Canadian Dollars - unaudited)

Selected Annual Information

Year Ended:	September 30, 2013	September 30, 2012	September 30, 2011
Financial Results:	IFRS	IFRS	IFRS
Total revenue	698,763	532,818	647,350
Net loss for the year	(716,024)	(1,059,352)	(1,690,999)
Basic and diluted loss per share	(0.02)	(0.035)	(0.05)
Balance Sheet Data:			
Cash	108,433	18,652	163,871
Total assets	1,575,053	1,749,556	2,153,225
Accounts payable and accrued liabilities	1,433,776	1,331,277	1,042,400
Shareholders' equity (deficiency)	(387,169)	(171,059)	543,698
Cash Flow Data:			
Increase (decrease) in cash for the year	89,781	(145,219)	(240,764)

Results of Operations

The Consolidated Financial Statements include the accounts of the Company and its 100% interest in IPET Pharmaceuticals Montreal Inc., an inactive company; the accounts of its 100% interest in Premier Diagnostic Health Services (Vancouver) Inc.; 100% of the consolidated accounts of Petscan International (Hong Kong) Limited and a 100% owned subsidiary in China, Beijing Premier International Medical Equipment Technology Services Corporation Limited ("Premier Beijing").

Since its incorporation on September 22, 2006, the Company has only engaged in operating activities subsequent to mid-July of 2010. Total operating revenue of the facility in Burnaby generated in the fiscal year ending September 30, 2013 was $220,390 (2012: $219,250). Net revenue distributed from the joint venture MRI centre in China in the year was $632,122 (2012: $476,456). Before July 2010, and in all prior periods, the Company incurred expenses connected mainly to the raising of funds and general administrative activities to enable it to develop its business in Canada and China.

Cost of goods sold with respect to the operation of the Centre for Advanced Diagnostics in Burnaby, BC in the year ended September 30, 2013 were $153,749 (2012: $162,888) resulting in a gross margin for that facilities operation of $66,641 (2012: $56,362). Other operating costs, including amortization of both the

(Expressed in Canadian Dollars - unaudited)

PET/CT scanner in Burnaby and the MRI scanner in Beijing, incurred in the year were $534,304 (2012: $610,992) to result in a net operating income for the period of $164,459 (2012: loss of $78,174). All other costs of the MRI centre in Beijing are expensed by the Beijing Hospital prior to determining the portion of joint venture net revenue allocated to the Company.

All other expenditures of the Company undertaken in the quarter and the year ending September 30, 2013 and 2012 were general corporate expenses related to the raising of funds, retention of staff and general administrative overheads in order for the Company to continue in business and further its plans to develop diagnostic facilities in Canada and China. In the year ended September 30, 2013, corporate expenses amounted to $1,010,704 (2012: $832,644), an increase of $178,060 (21%) from the previous year. While levels in many categories were similar to the previous year, the significant changes year-to-year for the Company were total compensation to employees (down $113,862 or 48% to $124,602 from $238,464) due to reductions in staff. Professional and consulting fees increased (up $205,482 or 127% to $366,980 from $161,498) due to increased financing efforts and increased use of outside professionals where staff had been reduced. As well, 2013 travel fees were up by a total of $53,835 (125%) at $96,632 from $42,797 due to increased activities and meetings with potential JV partners in China. None of these variations in individual expense categories from previous periods were unusual or indicative of any trend with respect to the future when the Company expects to have more involvement in revenue-generating operations.

The net loss for the year ended September 30, 2013 was $716,024, as compared to $1,059,352 in the previous year.

Summary of Quarterly Results

Quarter Ending	**Sept. 30/13**	**Jun. 30/13**	**Mar. 31/13**	**Dec. 31/12**
	(Q4 2013)	**(Q3 2013)**	**(Q2 2013)**	**(Q1 2013)**
	IFRS	**IFRS**	**IFRS**	**IFRS**
Total operating revenue	77,590	51,150	54,950	36,700
Loss before other items	(402,723)	(225,993)	(118,130)	(99,399)
Other items – interest income, foreign exchange loss, loss of fair value of liability and write-down of diagnostic equipment	262,624	(95)	229	(62)
Net income (loss)	(140,099)	(225,898)	(118,359)	(231,668)
Net income (loss) per share.– basic	(0.01)	(0.01)	(0.01)	(0.01)
Net income (loss) per common share – fully diluted	(0.01)	(0.01)	(0.01)	(0.01)

(Expressed in Canadian Dollars - unaudited)

Quarter Ending	**Sept. 30/12** **(Q4 2012)**	**Jun. 30/12** **(Q3 2012)**	**Mar. 30/12** **(Q2 2012)**	**Dec. 31/11** **(Q1 2012)**
Total operating revenue	42,150	58,850	83,150	35,100
Loss before other items	(170,218)	(225,514)	(209,910)	(305,178)
Other items – interest income, foreign exchange loss, loss of fair value of liability and write-down of diagnostic equipment	129,486	6,154	1,184	10,334
Net income (loss)	(299,704)	(231,668)	(211,094)	(316,888)
Net income (loss) per share.– basic	(0.01)	(0.01)	(0.01)	(0.01)
Net income (loss) per common share – fully diluted	(0.01)	(0.01)	(0.01)	(0.01)

Quarter Ending	**Sept. 30/11** **(Q4 2011)**	**Jun. 30/11** **(Q3 2011)**	**Mar. 31/11** **(Q2 2011)**	**Dec. 31/10** **(Q1 2011)**
Total operating revenue	23,255	230,158	305,675	197,600
Loss before other items	(509,751)	(440,066)	(337,522)	(440,661)
Other items – interest income, foreign exchange loss and write-down of diagnostic equipment	15,654	7,764	12,914	(3,090)
Net income (loss)	(494,098)	(447,830)	(350,436)	(443,701)
Net income (loss) per share.– basic	(0.02)	(0.02)	(0.01)	(0.02)
Net income (loss) per common share – fully diluted	(0.02)	(0.02)	(0.01)	(0.02)

The fluctuation in net losses on a quarterly basis is attributable to variations in various expense items, such as overall compensation, premises cost, professional fees and travel, which occur due to the administrative and fund raising activities occurring during a particular period and to the availability of funds in those periods to pay for those activities. There is no seasonality to these variations, nor are they indicative of any trend.

Fourth Quarter of 2013

Other than as noted herein, there were no significant financial events or activities of the Company pertaining to its fourth quarter of 2013 that were different from the activities of the previous quarter. The revenue-generating scanning operations at the Burnaby Centre and the Beijing MRI Facility continued in the quarter. Scan volumes increased by 10 in the Beijing facility comparing with the previous quarter.

Burnaby's activities were up in quarterly scans comparing to the previous year's fourth quarter by 14 (93%).

In the most recent quarter, as in previous quarters, Company's employees and contractors, maintained the same level by staff necessary for the operation of scanning activities, operating primarily out of the Company-leased premises in Burnaby, continued to further plans to develop diagnostic facilities in Canada and China. Total corporate general administrative expenses in the quarter were $410,583 as compared to $273,757 in the previous quarter. This was due to increased consulting and professional fees. There was no trend exhibited from past periods and no seasonality to expense levels in 2013's fourth quarter.

Liquidity

The Company had a working capital deficit at September 30, 2013 of $1,231,874, representing a decline of working capital of $38,478 from the working capital deficit of $1,193,396 at the previous fiscal year end.

During the 2013 fiscal year, operating (and administrative) activities used cash of $461,768 compared to $656,211 for the year of 2012. Investing activity was nil (2012: $557). Financing activities provided cash of $551,549 in 2013 and $511,549 in 2012 (an increase of $40,000 or 8%), almost all of which in both years was proceeds from the issuance of common shares, net of finders' fees, sale of unsecured convertible debentures, and loans from the shareholders.

The Company's ability to generate sufficient amounts of cash in the short term to fund its ongoing development activities currently depends to a significant degree on outside capital as the Company's operating activities currently generate less revenue than the anticipated need. The source of investor funding is dependent on the network of contacts of the Company's principals and outside financial advisors and contractors.

Capital Resources

At September 30, 2013 the Company has $528,446 of long term debt and had 52,319,978 shares issued and outstanding ($589,338 of long term debt and 42,436,653 shares outstanding at the previous fiscal year end). In addition, there were no warrants outstanding at September 30, 2013 (2012: 8,318,376). At March 26, 2014, the Company had 52,319,978 shares and no warrants outstanding.

Pursuant to an escrow agreement entered into prior to the Amalgamation, a total of 12,690,362 shares held by 11 shareholders were placed in escrow and were subject to a hold period of 36 months from the effective date of the Amalgamation. 10% of these escrowed shares were released from escrow on the date that the Company's common shares were listed on the CNSX and 15% of the balance was released every six months thereafter. The escrow agreement completed on November 1, 2013, and has a nil balance.

The Company has no lines of credit or other sources of financing which have been arranged or are being negotiated. It also has no investments in asset-backed commercial paper.

No commitments for material capital expenditures exist for the Company at September 30, 2013.

The Company is dependent on raising additional funds from the issuance of shares, or possible borrowings, to meet its obligations and fund operations going forward.

Contractual Obligations and Commitments

Note 10 of the Consolidated Financial Statements fully describe the contractual obligations and commitments that the Company had at September 30, 2013. These relate to lease commitments and a technology agreement commitment.

With respect to the Centre for Advanced Diagnostics Clinic and head office premises lease, the only significant commitment, the Company entered into an agreement to lease the premises located on the 3rd floor of 3185 Willingdon Green, Burnaby, BC for 124 months plus one day commencing on December 31, 2009 and expiring on April 30, 2020. The rentable area is approximately 6,119 square feet and is being utilized by the Company for a diagnostic clinic and the Company's administrative head office.

The basic rent is:

- $20 per square foot per annum in months 1 to 60; and

- $22 per square foot per annum in months 61 to 124.

The Company is also responsible for its proportionate share of all real estate taxes, operating costs and utilities on a monthly basis, which are estimated to be at $13.66 per square foot of rentable area for the 2014 fiscal year of the building.

The Company also has the use of up to 18 parking stalls during the term of the lease. Surface parking stalls are currently charged at $70 per month per stall and underground stalls are currently charged at $90 per stall per month.

With respect to the cooperative joint venture agreement between Beijing Premier International Medical Equipment Technology Services Corporation Limited ("Premier Beijing"), the wholly-owned subsidiary of the Company's subsidiary, Petscan International (Hong Kong) Ltd. ("Petscan HK"), and People's Republic of China Military Police Beijing Head Precinct Hospital No. 3 (the "Hospital"), Premier Beijing was responsible for the design of the clinic and the purchase and installation of an MRI scanner which is being jointly operated under the direction of the Hospital's staff. Under the terms of the JV, Premier Beijing will receive monthly a share of the clinic's operating revenue, net of certain specified items, initially on the basis of 77% of revenue and reducing to 51% from year six onwards. On the termination of the contract in 10 years, the Hospital will have the right to purchase for a nominal price the MRI equipment, now owned by Premier Beijing and recorded in the financial statements at 100% of the purchase price. In exchange for financing and other assistance to Premier Beijing with respect to this venture provided by Amtex Healthcare Inc. ("Amtex"), Amtex will receive 30% of Premier Beijing's allocation of the clinic's net operating revenue for the 10 year term of the cooperative joint venture. Prior to finalizing the Amtex 30% profit sharing agreement, the financing provided by Amtex based on 30% of the equipment price was recorded as a deferred liability. Imputed interest was calculated on the monthly balance at annual interest rate of 12% with any distribution of payments to Amtex as a repayment of the loan. Subsequent to entering into the 30% profit sharing agreement with Amtex, the deferred liability has then changed its substance and was converted into a derivative financial liability since future payments to Amtex would depend on the profit shared by the Company with the Hospital. This derivative financial liability would be fair valued through profit and loss at each measurement date to reflect the expected cash flow that the Company would be receiving in the remaining terms of the agreement with the Hospital. The Company will re-measure this derivative liability annually based on projected annual cash inflows at the time discounted at a market adjusted risk rate of interest.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements in place.

Transactions with Related Parties

During the year ended September 30, 2013, the following related party transactions occurred:

(a) Consulting fees of $96,000 (2012: $93,000) were accrued to one director. Travelling allowances of $56,400 (2012 - $Nil) were also paid to this director.

(b) Consulting fees totaling $60,000 (2012: $90,000) were accrued and paid to i) one director; ii) a business controlled by a former director. An expense advance of $12,619 was also made to this one director.

(c) Salary & benefits of $50,750 (2012 - $Nil) was paid to an officer of the Company.

(d) License and royalty fees of $Nil (2012: $50,000), owing pursuant to a Technology License

Agreement with an effective date of September 30, 2006 (Note 10(ii)), were accrued for payment to International P.E.T. Pharma Inc. ("IPET Pharma"), a company related by common control and common directors. As at September 30, 2012, the Company owed IPET Pharma $182,544 in relation to these fees accrued since 2006, net of payments made. During 2013, the Company settled this debt of $182,544 by issuing 1,825,443 common shares of the Company (See Note 6(b)(vi)) and terminated the Technology License Agreement with IPET Pharma.

(e) Professional fees of $101,919 were incurred to a law firm whose principal is a director of the Company and consulting fees of $50,000 incurred to a company controlled by this same director.

(f) As at September 30, 2013, accounts payable and accrued liabilities includes $229,262 (2012: $342,328) due to directors, ex-directors, companies or businesses controlled by directors and companies related by common control and common directors.

All related party transactions from Note 7(a) to Note 7(f) are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

(g) During the year ended September 30, 2012, two directors and one shareholder advanced $146,455 to the Company, bringing the total balance owed to the three individuals to $171,455. During the year ended September 30, 2013, the Company settled these shareholder and directors' loans and advances by issuing 1,714,549 common shares to these parties. The Company also issued additional 4,265,333 common shares to settled accounts payable and debts of $355,816 owing to current directors and former directors of the Company. (See Note 6(b)(v)(vii) & (viii)).

(h) The Company has entered into a Technology License Agreement ("the Agreement") with IPET Pharmaceuticals Inc. ("IPET Pharma"), a company related by common directors and common control, with an effective date of September 30, 2006 (See Note 10(ii)). The Company terminated this Agreement during the year ended September 30, 2013.

Legal Matters

In September 2009, Siemens Medical Solutions USA Inc. ("Siemens") commenced a claim against Premier Diagnostic Health Services (Vancouver) Inc. ("Premier Vancouver"), a wholly owned subsidiary of the Company, and IPET Pharmaceuticals Inc. ("IPET Pharma"). Siemens subsequently joined the Company as a Defendant. Siemens alleges that IPET Pharma transferred, sold or conveyed assets to the Company or Premier Vancouver in a manner that constituted a fraudulent conveyance. In the action Siemens seeks relief against the Company, Premier Vancouver, IPET Pharma, IPET Pharmaceuticals (Montreal) Ltd. and PETSCAN International (Hong Kong) Limited. The Company is of the view that fair value of the conveyed assets was paid and, documents were exchanged between the parties in early 2013 and examination for discovery was conducted in July of 2013. As the action remains in preliminary stages, the Company's legal counsel is not able to provide an opinion as to the Company's exposure on the claim and no provision for possible loss has been included in these consolidated financial statements. Any settlement will be reflected as a charge to operations in the year occurred.

Subsequent Events

Subsequent to the year ended September 30, 2013:

i. 200,000 stock options issued to a former director expired.

ii. In the period from October 1st, 2013 to March 24th, 2014, the Company issued 15,000 common shares at $0.10 per share through a debt settlement agreement.

iii. On January 10, 2014, the Company entered into a Security Agreement with Robertson Neil LLP ("RNLLP") granting to RNLLP a security interest in 2,500,000 Common Shares in the capital stock of Premier Diagnostic (Hong Kong) Limited (formerly Petscan International (Hong Kong) Limited, a wholly owned subsidiary of the Company) to secure obligations owing by the Company to RNLLP for unpaid legal fees and disbursements. The Security Agreement was registered under the Personal Property Security Act (BC) on January 22, 2014. Ian Robertson, a Director of the Company, is a partner of RNLLP.

iv. On January 10, 2014, the Company entered into a Security Agreement with Denis Tusar granting to Mr. Tusar a security interest in 2,500,000 Common Shares in the capital stock of Premier Diagnostic (Hong Kong) Limited (formerly Petscan International (Hong Kong) Limited, a wholly owned subsidiary of the Company) to secure obligations owing by the Company to Mr. Tusar for unpaid salary and expenses. The Security Agreement was registered under the Personal Property Security Act (BC) on January 22, 2014. Mr. Tusar is a Director of the Company.

Financial Instruments

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, accounts receivable, loans receivable/payable, investor deposit, accounts payable and accrued liabilities, deferred liability, other long term liability and loan receivable/payable to shareholder.

Cash & cash equivalents is designated as held-for-trading and therefore carried at fair value, with the unrealized gain or loss recorded in interest income. The Company used level 1 fair value hierarchy to value cash & cash equivalents.

The fair values of cash and cash equivalents, accounts receivable and accounts payable & accrued liabilities approximate their book values because of the short-term nature of these instruments.

Loan receivable/payable to shareholder and loans receivable/payable are related party transactions and are carried at cost. Due to uncertainty of amounts to be repaid and timing of repayments, deferred liability is carried at carrying value which approximates its amortized cost. The other long term liability is considered as a derivative and is measure

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk is the loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to liquid investments in bankers' acceptance and term deposits with a local Chinese bank, and loan receivable from a related company. Management believes that the credit risk concentration with respect to financial instruments above is remote.

Financial Instrument Risk Exposure

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2013, the Company had a working deficiency of $1,231,874 (2012: $1,193,396). Included in cash balances are funds invested in China which are subject to liquidity risk as any funds to be withdrawn from the entity will be subject to various approvals. The Company will continue to raise additional capital through future private placements and public offerings.

Market Risk

The significant market risks exposure to which the Company is exposed are foreign currency risk and interest rate risk. The Company has a significant interest in a Company in China. All funds maintained by the entity are subject to foreign currency fluctuation and the bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rate fluctuations.

Capital Disclosures

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers the items included in shareholders' equity, debt financing and cash as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. Cash consists of cash at a major Canadian chartered bank and at a major Chinese bank. Cash with a Canadian chartered bank is insured by the Canadian Deposit Insurance Corporation (CDIC). The Company's subsidiary, Petscan International (Hong Kong) Limited, invested a total of US$200,000 into a wholly foreign owned subsidiary in China.

Future Accounting Changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after January 1, 2013 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the summary below. The company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

IFRS 9, Financial Instruments, replaces the current standard IAS 39, Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRSs. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

In addition, there have been amendments to existing standards, including IAS 27 and IAS 28. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

Risks and Uncertainties

Additional Funding Requirements

The Company is reliant upon additional equity financing in order to continue its businesses and operations, as the Company has not fully evolved from a development to revenue stage. There is no guarantee that future sources of funding will be available to Premier.

Market for Securities

There can be no assurance that an active market for the securities of the Company will develop and be maintained. The market price of the securities of the Company may be subject to significant fluctuations. From time to time, stock exchanges have experienced extreme fluctuations in price and volume, which were in no way related to the operating results of specific companies.

Conflicts of Interest

Some of the directors, officers, promoters and other members of the management of the Company may, now and in the future, act as directors, officers, promoters and members of management of other companies. There is no guarantee that, while performing their duties with respect to the Company, the directors, officers and promoters will not find themselves in situations that may give rise to conflicts of interest.

The directors and officers of the Company are aware of existing legislation providing for directors' liability with respect to favourable business opportunities for the applicable company and requiring directors and officers to disclose any conflicts of interest. They are also aware that the Company will avail itself of the aforesaid legislation with respect to any conflicts of interest involving its directors and officers or with respect to such directors' and officers' failure to fulfill their duties.

Negative Operating Cash Flows

As the Company is at the early stage of generating revenues it may continue to have negative operating cash flows. Without the injection of further capital and the development of further revenue streams from its business, the Company may continue to have negative operating cash flows until it has fully developed its market.

Risks Related to Premier as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company has raised capital through various private placements and proposes to continue to do so through future private placements and public offerings. The outcome of these matters cannot be predicted at this time.

Litigation Risks

There is a legal claim against the Company in an action commenced by Siemens Medical Solutions (USA) Inc. For a more detailed description of this, see **Legal Matters.** Legal counsel has advised that the action is without merit.

Reliance on Key Personnel and Advisors

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Licences, Patents and Proprietary Rights

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

Uncertainty Regarding Penetration of the Target Market

The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential users and the medical community. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, patient and physician services and performance. The Company's success will depend on its ability to maintain and expand its network of facilities and its patient numbers. The Company will need to expand its marketing and sales operations and establish business relations with suppliers and users in a timely manner.

In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's services will be accepted and recommended.

Competition, Technological Obsolescence

The diagnostic imaging device industry is competitive. Others in the field may have significantly more financial, technical, distribution and marketing resources. Technological progress and product development may cause the Company's services to become obsolete or may reduce their market acceptance.

Operating History and Expected Losses

The Company expects to make significant investments in order to develop its services, increase marketing efforts, improve its operations, conduct research and development and update its equipment. As a result, start-up operating losses are expected and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of the Company.

Reliance on Joint Ventures, Licence Assignors and Other Parties

The nature of the Company's operations requires it to enter into various agreements with partners, joint venture partners, hospitals, and other medical facilities, medical equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of its businesses and the successful marketing of its services.

There is no guarantee that those with whom the Company needs to deal will not adopt other technologies or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the Company's competitors, in preference to those of the Company.

Growth Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

Regulatory Risks

Diagnostic imaging clinics and FDG production facilities are subject to a number of technological challenges and requirements, and will be subject to the regulations and standards imposed by applicable regulatory agencies. There can be no assurance that the Company will be able to comply with all regulations concerning its businesses.

Potential Liability

The Company is subject to the risk of potential liability claims with respect to its diagnostic imaging business and its FDG production business. Should such claims be successful, plaintiffs could be awarded significant amounts of damages, which could exceed the limits of any liability insurance policies held by the Company. There is no guarantee that the Company will be able to obtain, maintain in effect or increase any such insurance coverage on acceptable terms or at reasonable costs, or that such insurance will provide the Company with adequate protection against potential liability.

Activities in China

The Company's services and capital expenditures will relate in large measure to its activities in China. The Company plans to continue increasing these activities. International commercial activities entail certain risks, including unexpected changes in government policies on the import and export of products, services and technologies and other regulatory consequences that may be unfavourable, limitations on repatriation of profits and the burden of complying with a wide variety of foreign laws. Exchange rate fluctuations may have a significant adverse effect in relation to products, charges and capital expenditures that are denominated in currencies other than the Canadian dollar and may reduce operating income in a given country. The financial stability of foreign markets may also have an effect on the Company's business in China. There is no assurance that such factors will not have a significant adverse effect in relation to products, charges and capital expenditures deriving from international activities, and, consequently, on operating results. In addition, operating income may be taxed in more than one territory, a situation that would have a significant adverse effect on the Company's profits. Each of these factors could have an adverse impact on the Company, its financial position and its operating results.

The Company may encounter difficulties in successfully opening new Premier Diagnostic Centres due to the limited number of suitable joint venture hospital partners and their potential ability to finance the purchase of medical diagnostic equipment directly.

Although the Company intends to comply with all relevant laws and regulations in its dealings with joint venture hospital partners, there is no assurance that competent authorities will not interpret such laws and regulations differently.

Healthcare administrative authorities in China currently set procurement quotas for certain types of medical diagnostic equipment. The procurement, installation and operation of large medical equipment in China are regulated by the Rules on Procurement and Use of Large Medical Equipment issued on December 31, 2004 by the MOH (Ministry of Health) the NDRC (National Development and Reform Commission) and the Ministry of Finance. Pursuant to these rules, quotas for large medical equipment are set by the NDRC and the MOH or the relevant provincial healthcare administrative authorities, and hospitals must obtain a license prior to the procurement of any such equipment. Class A equipment includes PET-CT scanners, for which procurement planning and approval are conducted by the MOH and NDRC and licenses are issued by the MOH. Class B Equipment includes MRI and CT scanners, where procurement planning and approval are conducted by the relevant provincial healthcare administrative authorities with ratification by the MOH, with licenses issued by the provincial authorities. These rule apply to all public and private civilian medical institutions, whether for profit or non-profit. Although these rules do not directly apply to military hospitals in China, they are used as a reference by the healthcare administrative authority of the general logistics department of the PLA (People's Liberation Army) in approving procurements of medical equipment.

There are limitations on the permitted number of PET-CT scanners; by the end of 2010 the total number of PET-CT scanners in non-military hospitals in China could not exceed 110, of which 106 had been allocated. The number of licenses authorized for years subsequent to 2010 and the number of those already allocated is believed by management to be similar. Many provincial administrative authorities do not provide information on their procurement planning and quotas for Class B equipment such as MRI scanners. Procurement and operation of medical diagnostic equipment without the required licenses could result in fines or the suspension of use of such equipment, with material adverse effects on the Company's financial results.

The limitation on the number of procurement licenses available and any adverse change to this number in the future as the result of changes in government policy, together with increases in competition, the number of applicants for procurement licenses, and any failure of potential joint venture hospital partners to obtain expected licenses, could have a material adverse effect on the Company's future prospects.

The focus of the Company's business is on China. The health care industry in China is a heavily regulated industry. The Company's business, financial condition, results of operations and prospects will be affected significantly by economic, political and legal developments in China. The Chinese economy is influenced by: (a) the degree of government involvement; (b) the level of development; (c) the growth rate; (d) the control of foreign exchange; (e) the allocation of resources; (f) an evolving regulatory and legal system; (g) lack of sufficient transparency in the regulatory process; and (h) uncertainties with respect to the legal system.

Recent announcements by China central government have designated as activities encouraged for direct foreign investment.

The Company will rely on its hospital partners to recruit and retain qualified doctors and other medical professionals to ensure the high quality of services to be provided.

Any failure by the Company's hospital partners to make contractual payments to the Company, or any disputes over or significant delays in receiving such payments, could have a material adverse effect on the Company's business and financial condition.

The Company will rely on doctors and other medical professionals in the Centres to make proper clinical decisions and interpretations and to maintain proper control over the clinical aspects of the Centres.

Any failures or defects of the medical equipment in the Centres or failure of medical personnel to properly operate medical equipment could subject the Company to liability claims, and the Company may not have sufficient insurance to cover any potential liability.

The Company will rely on a limited number of equipment manufacturers.

Any downtime for maintenance and/or repair of medical equipment could lead to business interruptions that could be expensive and harmful to the Company's reputation and to its business.

Looking Forward

In addition to actively managing its two recently-established operating scanning facilities, one in each of Canada and China, the Company is actively pursuing its business plan to develop and operate a network of Centres for Advanced Diagnostics in China and, to a lesser extent, in Canada to provide an integrated support diagnostic service infrastructure to the medical profession, founded on PET/CT and/or MRI technologies, the gold standards in imaging diagnostics, in order to provide shareholder value. Management time and Company resources are being expended to raise the necessary capital, identify and evaluate potential locations and potential partners both in China and Canada and advancing plans and regulatory approval for commencement of development of these facilities.

"*Denis Tusar*"	"*Daniel N. Waters*"
President & Chief Executive Officer	Chief Financial Officer
March 26, 2014	March 26, 2014

Cautionary Statement This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavours to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other factors.

SCHEDULE F – CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2015 (UNAUDITED)

PREMIER DIVERSIFIED HOLDINGS INC.

(formerly Premier Diagnostic Health Services Inc.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2015

(Expressed in Canadian Dollars)

PREMIER DIVERSIFIED HOLDINGS INC.
(formerly Premier Diagnostic Health Services Inc.)
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars - unaudited)

As at		**March 31, 2015**		September 30, 2014
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**6,125,606**	$	883,861
Restricted cash (note 9)		**-**		5,206,733
Accounts and GST receivable		**107,538**		116,118
Prepaid expenses		**18,443**		28,601
Loan receivable (note 10)		**7,267**		7,267
		6,258,854		6,242,580
Non-current assets				
Security deposit		**17,015**		17,015
Equipment (note 4)		**1,035,023**		1,137,520
Investment in associate (note 5)		**1,368,655**		-
		2,420,693		1,154,535
TOTAL ASSETS	**$**	**8,679,547**	$	7,397,115
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 10)	**$**	**778,643**	$	1,211,480
Taxes payable		**36,854**		36,854
Investors' deposits (note 9)		**-**		5,768,108
Convertible debentures (notes 6 and 9)		**400,598**		812,787
		1,216,095		7,829,229
Non-current liabilities				
Other long term liability (note 7)		**677,911**		671,092
TOTAL LIABILITIES		**1,894,006**		8,500,321
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Equity portion of convertible debentures (notes 6 and 9)	**$**	**46,580**	$	96,950
Preferred shares (notes 8 and 9)		**-**		500,000
Share capital (note 9)		**23,304,286**		13,864,795
Reserves		**150,189**		86,625
Accumulated deficit		**(16,715,514)**		(15,651,576)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		**6,785,541**		(1,103,206)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	**$**	**8,679,547**	$	7,397,115

Nature of business, incorporation and amalgamation (note 1)
Continuance of operations and going concern (note 2)
Commitments and contingency (notes 11 and 12)
Segmented information (note 13)
Subsequent events (notes 1,9 and 17)

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

These condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Alnesh Mohan Director   */s/ Sanjeev Parsad Director*

PREMIER DIVERSIFIED HOLDINGS INC.
(formerly Premier Diagnostic Health Services Inc.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars - unaudited)

	For the three months ended		For the six months ended	
	March 31, 2015	March 31, 2014	**March 31, 2015**	March 31, 2014
Revenue				
Diagnostic Center Revenue	**$ 193,520**	$ 20,391	**$ 361,030**	$ 74,351
Cost of goods sold	**(99,826)**	(2,064)	**(173,205)**	(32,290)
Gross margin	**93,694**	18,327	**187,825**	42,061
Net revenue from China MRI center	**142,629**	140,871	**276,122**	288,044
Total revenue	**236,323**	159,198	**463,947**	330,105
Operating expenses				
Advertising and promotion	**11,943**	1,134	**15,032**	2,898
Depreciation (note 4)	**47,147**	45,611	**101,442**	91,223
Premises	**12,412**	24,000	**42,637**	48,643
Repair and maintenance	**32,760**	-	**82,645**	3,955
Salaries, wages and benefits	**67,079**	13,940	**108,118**	37,573
Other	**74,884**	29,186	**232,438**	58,301
Operating costs	**(246,225)**	(113,871)	**(582,312)**	(242,593)
Net operating income (loss)	**(9,902)**	45,327	**(118,365)**	87,512
Corporate expenses				
Depreciation (note 4)	**528**	9,042	**1,055**	18,085
Consulting	**(39,024)**	24,000	**37,380**	57,644
Insurance	**(4,199)**	10,926	**15,436**	28,088
Interest and accretion on convertible debentures (note 6)	**(4,099)**	11,485	**25,596**	23,038
Professional fees (note 10)	**110,769**	74,241	**112,838**	110,695
Rent (note 11)	**36,033**	20,000	**69,004**	50,000
Salaries, wages and benefits	**116,224**	51,049	**186,026**	102,102
Travel	**334**	12,675	**379**	26,337
Miscellaneous	**23,490**	25,596	**47,314**	55,116
Total corporate expenses	**(240,056)**	(239,014)	**(495,028)**	(471,105)
Other (income) expenses				
Interest income	**(789)**	-	**(809)**	(25)
Gain on change in fair value of other long term liability (note 7)	**(29,774)**	-	**(9,160)**	-
Gain on settlement of debts (note 10)	**(33,273)**	-	**(33,273)**	-
Share-based payments (note 9)	**66,515**	9,454	**83,564**	18,954
Share of loss and dilution loss in associated company (note 5)	**313,896**	-	**334,253**	-
Foreign exchange loss	**52,180**	1,655	**70,282**	3,901
Total other expenses	**(368,755)**	(11,109)	**(444,857)**	(22,830)
Total loss and comprehensive loss for the period	**$ (618,713)**	$ (204,796)	**$ (1,058,250)**	$ (406,423)
Basic and diluted loss per share for the period attributable to common shareholders (warrants and options not included as the impact would be anti-dilutive)	**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding	**130,308,262**	52,319,978	**125,688,388**	52,319,978

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

PREMIER DIVERSIFIED HOLDINGS INC.
(formerly Premier Diagnostic Health Services Inc.)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars - unaudited)

		Share capital		Preferred shares					
	Note(s)	Number of shares	Amount	Number of shares	Amount	Equity portion of convertible debentures	Reserves	Accumulated deficit	Total
Balance at September 30, 2013		**52,319,978**	**$ 13,618,853**	**-**	**$ -**	**$ 46,580**	**$ 48,142**	**$ (14,100,744)**	**$ (387,169)**
Share-based payments		-	-	-	-	-	18,954	-	**18,954**
Net loss for the period		-	-	-	-	-	-	(406,423)	**(406,423)**
Balance at March 31, 2014		**52,319,978**	**$ 13,618,853**	**-**	**$ -**	**$ 46,580**	**$ 67,096**	**$ (14,507,167)**	**$ (774,638)**
Balance at September 30, 2014		**57,173,464**	**$ 13,864,795**	**500,000**	**$ 500,000**	**$ 96,950**	**$ 86,625**	**$ (15,651,576)**	**$ (1,103,206)**
Shares issued for cash - private placement	9	44,173,389	7,951,210	-	-	-	-	-	**7,951,210**
Share issue costs	9	-	(43,386)	-	-	-	-	-	**(43,386)**
Shares issued for debt settlement	9	415,000	74,700	-	-	-	-	-	**74,700**
Shares issued for conversion of preferred shares	9	10,000,000	500,000	(500,000)	(500,000)	-	-	-	**-**
Shares issued for preferred shares dividends in lieu of cash	8 and 9	113,750	5,688	-	-	-	-	(5,688)	**-**
Shares issued for conversion of convertible debentures	6(b) and 9	9,196,885	471,435	-	-	(50,370)	-	-	**421,065**
Shares issued for cash - warrant exercise	9	9,196,885	459,844	-	-	-	-	-	**459,844**
Shares issued for services	9	100,000	20,000	-	-	-	-	-	**20,000**
Share-based payments		-	-	-	-	-	63,564	-	**63,564**
Net loss per the period		-	-	-	-	-	-	(1,058,250)	**(1,058,250)**
Balance at March 31, 2015		**130,369,373**	**$ 23,304,286**	**-**	**$ -**	**$ 46,580**	**$ 150,189**	**$ (16,715,514)**	**$ 6,785,541**

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

PREMIER DIVERSIFIED HOLDINGS INC.
(formerly Premier Diagnostic Health Services Inc.)
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars - unaudited)

	For the six months ended	
	March 31, 2015	March 31, 2014
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the period	**$ (1,058,250)**	$ (406,423)
Adjustments for items not affecting cash:		
Depreciation	**102,497**	109,309
Share-based payments	**83,564**	18,954
Interest and accretion on convertible debentures	**25,596**	23,038
Share of loss and dilution loss in associated company	**334,253**	-
Gain on settlement of debts	**33,273**	-
Unrealized foreign exchange loss	**98,827**	-
Accretion of interest of other long term liability	**41,738**	-
Change in fair value of other long term liability	**(50,898)**	-
Net revenue distributed to pay down deferred liability (note 7)	**(82,848)**	(86,413)
	(472,248)	(341,535)
Net changes in non-cash working capital items:		
Restricted cash	**5,206,733**	-
Accounts and GST receivable	**8,580**	(16,096)
Prepaid expenses	**10,158**	(935)
Accounts payable and accrued liabilities	**(408,130)**	259,416
Net cash flows from (used in) operating activities	**4,345,093**	(99,150)
FINANCING ACTIVITIES		
Proceeds on issuance of common shares, net of cash share issue costs	**2,599,560**	-
Net cash flows from financing activities	**2,599,560**	-
INVESTING ACTIVITIES		
Investment in associate	**(1,702,908)**	-
Net cash flows used in investing activities	**(1,702,908)**	-
Net change in cash and cash equivalents	**5,241,745**	(99,150)
Cash and cash equivalents, beginnig of period	**883,861**	108,433
Cash and cash equivalents, end of period	**$ 6,125,606**	$ 9,283
Cash and cash equivalents consist of :		
Cash	**325,606**	9,283
Cash equivalents	**5,800,000**	-
	$ 6,125,606	$ 9,283
Cash paid during the period for interest	**$ -**	$ -
Cash paid during the period for income taxes	**$ -**	$ -

Supplemental cash flow information (note 14)

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

1) Nature Of Business, Incorporation And Amalgamation

Premier Diversified Holdings Inc. (formerly Premier Diagnostic Health Services Inc.), (the "Company"), was formed by a Certificate of Amalgamation pursuant to the Business Corporations Act (British Columbia) on July 16, 2010, as the result of an amalgamation between Premier Diagnostic Health Services Inc., which was incorporated under the Business Corporations Act (British Columbia) on September 22, 2006 ("Old PDH"), and Golden Hat Resources Inc. ("Golden Hat"), a company originally incorporated under the Company Act (British Columbia), on January 14, 1982 under the name "Banex Resources Corporation" (the "Amalgamation"). The Company's head office is located at Suite 301 - 3185 Willingdon Green, Burnaby, BC V5G 4P3. The Company's registered and records office is located at Suite 1350 - 650 West Georgia Street, Vancouver, BC V6B 4N9. The Company's common shares are currently listed for trading on the Canadian Securities Exchange ("CSE") under the symbol PDH.

On April 21, 2015, the Company received final approval from the Canadian Securities Exchange for a change of business to become an investment issuer. As an investment issuer, the Company will focus on generating the highest return on capital for shareholders regardless of industry. Currently, the Company is operating medical diagnostic imaging centers in Canada and China. These centers provide PET-CT (Positron Emission Technology / Computed Tomography) and/or MRI (Magnetic Resonance Imaging) scans. Activities to-date have been the development and operation of a PET-CT diagnostic scanning center in Burnaby, BC and the establishment of an MRI diagnostic scanning facility under a cooperative venture between the Company's Chinese subsidiary and the Military Police Hospital No. 3 in Beijing, as well as the raising of capital, the identification and evaluation of potential additional locations for facilities, and the advancement of plans and regulatory approval for commencement of development of these other facilities.

2) Continuance Of Operations And Going Concern

These unaudited consolidated interim financial statements have been prepared on the basis that the Company is a going concern. This assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on obtaining additional financing through the issuance of debt or common shares. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These unaudited consolidated interim financial statements do not reflect the adjustments or reclassifications that would be necessary if the Company was unable to continue operations.

3) Significant Accounting Policies And Basis Of Presentation

These unaudited condensed interim consolidated financial statements were authorized for issue on June 1, 2015 by the directors of the Company.

Statement of compliance to International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

3) Significant Accounting Policies And Basis Of Presentation (Continued)

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries (note 10). This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended September 30, 2014. However, this interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS.

These unaudited condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of application as the Company's most recent annual audited consolidated financial statements, with the exception of the following new accounting standard which the Company adopted and is effective for the Company's interim and annual financial statements commencing October 1, 2014. The adoption of the new accounting standard has had no material impact on the financial statements.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2014.

New accounting standards

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. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

a) IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.

b) IFRS 9 Financial Instruments ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2018, with early adoption permitted.

c) IFRS 15 Revenue from Contracts with Customers ("IFRS 15") is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

3) Significant Accounting Policies And Basis Of Presentation (Continued)

Critical accounting estimates and judgments

Critical accounting estimates are estimates and assumptions made by Management that may result in a material adjustment to the carrying amounts of assets and/or liabilities within the next financial year and are disclosed in Note 3 of the Company's annual audited consolidated financial statements for the year ended September 30, 2014. There have been no changes to the Company's critical accounting estimates and judgments during the six months ended March 31, 2015.

Functional and reporting currency

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars which is the functional currency of all of the Company's subsidiaries (note 10). The functional currency of the Company is the Canadian dollar.

4) Equipment

	Computer equipment	Diagnostic equipment	MRI equipment	Furniture and fixtures	Leasehold Improvements	Total
Cost						
As at September 30, 2014	$ 16,471	$ 482,890	$ 1,404,534	$ 36,341	$ 341,863	**$ 2,282,099**
Balance as at March 31, 2015	**$ 16,471**	**$ 482,890**	**$ 1,404,534**	**$ 36,341**	**$ 341,863**	**$ 2,282,099**
Depreciation						
As at September 30, 2014	$ (15,554)	$ (387,006)	$ (561,812)	$ (28,786)	$ (151,421)	**$ (1,144,579)**
Charged for the period	(207)	(14,382)	(70,226)	(1,134)	(16,548)	**(102,497)**
Balance as at March 31, 2015	**$ (15,761)**	**$ (401,388)**	**$ (632,038)**	**$ (29,920)**	**$ (167,969)**	**$ (1,247,076)**
Net book value						
As at September 30, 2014	$ 917	$ 95,884	$ 842,722	$ 7,555	$ 190,442	$ 1,137,520
As at March 31, 2015	**$ 710**	**$ 81,502**	**$ 772,496**	**$ 6,421**	**$ 173,894**	**$ 1,035,023**

During the six months ended March 31, 2015, the Company charged $102,497 (March 31, 2014 – $109,308) in depreciation expense of which $101,442 and $1,055 was recognized as operating expenses and corporate expenses, respectively. (March 31, 2014 – $91,223 and $18,085, respectively).

(Expressed in Canadian Dollars - unaudited)

5) Investment In Associate

The following is a summary of the investment in associate for the six months ended March 31, 2015:

	Sequant Re Holdings Limited in USD	Sequant Re Holdings Limited in CAD
Initial investment	$ 1,505,000	$ 1,702,908
Share of loss	(222,805)	(274,528)
Dilution effect	(47,982)	(59,725)
Balance as at March 31, 2015	**$ 1,234,213**	**$ 1,368,655**

As at March 31, 2015, the Company holds a 32.37% interest in Sequant Re Holdings Limited ("SRHL"). On December 16, 2014, the Company completed the acquisition of 3,010,000 common shares of SRHL at USD$0.50 per common share for total aggregate consideration of $1,702,908 (USD$1,505,000). This acquisition resulted in the Company holding approximately 33.44% of the issued and outstanding common shares of SRHL. Subsequent to the initial acquisition, SRHL has issued additional common shares to third parties which has resulted in a dilution of the Company's holdings.

The Company has the right to appoint three directors to the board of SRHL, provided that it holds a minimum of 10% of the issued and outstanding common shares. The Company's nominees, Alnesh Mohan, Sanjeev Parsad and G. Andrew Cooke, were appointed to the board of SRHL as of December 12, 2014. Mr. Mohan is a director of the Company, Mr. Parsad is a director and officer of the Company and Mr. Cooke is a deemed insider of the Company. Mr. Cooke has been appointed to act as Chairman of the Audit and Financial Committee of SRHL and will oversee the financial management of SRHL. Messrs. Parsad and Mohan do not participate in management or daily operations of SRHL. This purchase of the shares of SRHL was for investment purposes.

The following table summarizes the financial information of SRHL for the six months ended March 31, 2015:

	March 31, 2015 in USD	March 31, 2015 in CAD
Assets		
Current assets	$ 1,306,000	$ 1,651,045
Non-current assets	1,035,925	1,309,616
	2,341,925	2,960,661
Liabilities		
Current liabilities	485,932	614,315
Non-current liabilities	-	-
	485,932	614,315
Loss for the period	$ 924,623	$ 1,134,327

6) Convertible Debentures

a) During the year ended September 30, 2013, the Company closed an offering of 418 units, each unit consisting of an unsecured convertible debenture in the principal amount of $1,000 and 1,000 common shares, for aggregate gross proceeds of $418,000. The debentures have a maturity date of July 31, 2016 (if not otherwise converted) and bear interest at a rate of 8% per annum payable on July 31 and December 31 each year during the term or the earlier of conversion or maturity. The debentures are convertible into common shares of the Company at any time prior to maturity, in whole or in part, at the option of the holder, at a conversion rate of $0.18 per share. The Company will have the right, on 30 days' notice, to redeem all or any portion of the principal plus accrued interest due on the debentures at a rate of 110% of the outstanding principal and interest. Holders have the right to convert during the 30 day notice period.

The Company recorded the common shares issued as part of the units as finance fees to the statement of loss and comprehensive loss. Using a risk-adjusted discount rate of 12%, the Company calculated and recorded the equity portion of the debentures to be $46,580. The Company will amortize the carrying value of the debentures to its full principal amount over the term of the debentures using an effective rate of 12% as an interest expense. Any actual interest payments are to be deducted from the carrying value of the debentures.

During the six months ended March 31, 2015, accretion of $5,877 has been recorded as a charge to the statement of loss and comprehensive loss, and an increase in the carrying value of the liability (March 31, 2014 – $6,610). Interest of $16,720 was recorded to the statement of loss and comprehensive loss (March 31, 2014 – $16,428). There were no convertible debentures converted during the six months ended March 31, 2015.

b) On April 1, 2014, the Company issued secured convertible debentures in the aggregate principal amount of $450,000, which coincided with the Company's reorganization in which the Company wound up its wholly-owned subsidiary, Premier Diagnostic Health Services (Vancouver) Inc. ("Subco") and incorporated a new wholly-owned subsidiary, Premier Diagnostic Center (Vancouver) Inc. ("Newco"). Prior to being wound up, Subco assigned all of its assets and liabilities to the Company, including the Burnaby-based Center for Advanced Diagnostics. The Company and Newco then entered into an asset purchase agreement. The debentures bear interest at a rate of 6%, mature on March 31, 2016 and July 9, 2016. The face value of the convertible debentures and outstanding interest are convertible on or prior to the maturity date at the holder's option into units of the Company, at $0.05 per unit, each unit consisting of one share purchase warrant and one common share of the Company. Each share purchase warrant will be exercisable for a period of 24 months from the date of issuance of the debentures to purchase an additional share at $0.05. The proceeds were used to pay off outstanding payables and maintain operations. Using a risk-adjusted discounted rate of 12%, the Company calculated and recorded the equity portion of the debentures to be $50,370. The Company will amortize the carrying value of the debentures to its full principal amount over the term of the debentures using an effective rate of 12% as an interest expense. Any actual interest payments are to be deducted from the carrying value of the debentures.

During the six months ended March 31, 2015, accretion of $1,263 has been recorded as a charge to the statement of loss and comprehensive loss, and an increase in the carrying value of the liability (March 31, 2014 – $nil). Interest of $1,736 was recorded to the statement of loss and comprehensive loss (March 31, 2014 – $nil). During the six months ended March 31, 2015, $450,000 face value of convertible debentures were converted to common shares (note 9) and the equity portion has been reclassified to share capital.

(Expressed in Canadian Dollars - unaudited)

7) Other Long Term Liability

The cooperative joint venture agreement originally entered into by the Company and Amtex Healthcare Inc. ("Amtex") with respect to the Revenue Sharing Agreement and provision of an MRI scanner to People's Republic of China Military Police Beijing Head Precinct Hospital No. 3 (the "Hospital") indicated that Amtex provided 30% of the financing while the Company paid for 70% of the purchase price (note 11). In return, Amtex would share in 30% of the net profit distributed from the Hospital through some legal structure. The final agreement with Amtex however was not finalized until November of 2011. The Company originally recorded 70% of the MRI equipment price as the cost of equipment in 2010. However, since the agreement was entered into in 2010 with 100% of full MRI equipment price, management determined that it should have recorded 100% of the full price and restated the cost of equipment in 2010. This would then result in recording a deferred liability consisting of the 30% financing provided by Amtex. By entering into this agreement, Amtex agreed to provide this financing and in return would share the Company's net profit distributed from the Hospital within the term of the cooperative agreement. The Company is no longer legally liable to repay Amtex this amount of 30% financing in the future. However, 100% of the contract price is the price the Company would have paid if it was able to finance the purchase itself. As a result, 100% of the contract price would determine the fair value of the equipment purchased at the time of acquisition.

The recording of the cost of the MRI equipment at 100% of the contract price has resulted in recording a deferred liability equal to 30% of the contract price. At initial recognition, the contract price determines the fair value of this deferred liability and it should be measured at amortized cost subsequently. The Company determines that 12% is the appropriate imputed interest rate in calculating the amortized interest expense recognized on this deferred liability. Any net profit distributed to Amtex from the Hospital should then be considered as an offset first against the imputed interest and then against the deferred liability. After finalizing the Revenue Sharing Agreement with Amtex (note 11), the Company considered entering into a derivative agreement such that total amounts payable to Amtex over the remaining years of the JV operation would then depend on future cash flows received by the Company from the MRI operation. The deferred liability, at the time when the profit sharing agreement commenced, should then be revalued based on the discounted future expected cash flows payable to Amtex. As a derivative financial liability, this long term liability should be re-measured at each reporting period.

The change in carrying value of the long term liability during the six months ended March 31, 2015 was as follows:

Balance as at September 30, 2014	$	671,092
Accretion of interest		41,738
Payments to Amtex		(82,848)
Decrease in liability due to re-measurement		(50,898)
Changes in foreign exchange rates		98,827
Balance as at March 31, 2015	**$**	**677,911**

8) Preferred Shares

During the six months ended March 31, 2015, $5,688 preferred shares dividends were declared (March 31, 2014 – $nil) and paid by the issuance of common shares of the Company in lieu of cash (note 9).

During the six months ended March 31, 2015, 500,000 Class A Convertible Preferred Shares were converted to common shares (note 9).

9) Share Capital

Authorized share capital

Unlimited number of common shares without par value.

During the six months ended March 31, 2015

- On October 2, 2014, the Company completed a non-brokered private placement of 44,173,389 shares at a price of $0.18 per share for gross proceeds of $7,951,210. In connection of the private placement, the Company incurred share issuance costs of $43,386.

  During the year ended September 30, 2014, the Company received a total of $5,206,733 in its legal counsel's trust fund as restricted cash and $561,375 from investors with respect to this private placement. Total of $5,768,108 was recorded as investors' deposits as at September 30, 2014. These amounts have been reclassified as share capital.

- On October 2, 2014, the Company issued 415,000 common shares at a price of $0.18 per share to a law firm, in which the Company's director is a partner, to settle a trade payable of $74,700.

- On October 22, 2014, the Company issued a total of 10,000,000 common shares following receipt of conversion notices relating to convertible preferred shares of the Company's subsidiary, Premier Diagnostic Center (Vancouver) Inc. in the amount of $500,000. In addition, the Company issued 113,750 common shares for the preferred shares dividends in lieu of cash for dividends declared amounting to $5,688.

- On October 22, 2014, the Company issued a total of 9,196,885 common shares and 9,196,885 share purchase warrants following receipt of conversion notices relating to certain convertible debentures of the Company. As a result of the conversion, the equity portion of convertible debentures of $50,370 has been reclassified as share capital. During the six months ended March 31, 2015, 9,196,885 share purchase warrants were exercised for proceeds of $459,844.

- On February 25, 2015, the Company issued 100,000 common shares with a fair value of $20,000 to the CEO, also a director, of the Company as a performance bonus. This amount has been recognized as share-based payments in the statement of loss and comprehensive loss.

(Expressed in Canadian Dollars - unaudited)

9) Share Capital (Continued)

Share purchase warrants

The changes in share purchase warrants during the six months ended March 31, 2015 were as follows:

	Number outstanding	Weighted average exercise price
Balance, September 30, 2014	-	$ -
Granted	9,196,885	0.05
Exercised	(9,196,885)	0.05
Balance, March 31, 2015	-	$ -

Options

The shareholders of the Company, and the CSE, approved an incentive stock option plan in July 2010 the terms of which were consistent with the regulatory requirements of both the TSX Venture Exchange and CSE and were updated in February 2013. Pursuant to this stock option plan, the Company's board of directors may grant stock options to purchase the number of common shares which is equivalent to up to 10% of the aggregate number of issued and outstanding common shares as at the date of grant. The stock option plan provides an option can be exercisable for a maximum of 10 years from the date of grant and the options will vest (subject to directors' approval) as follows:

- One-third of the options will vest on the first anniversary date of the grant;
- One-third of the options will vest on the second anniversary date of the grant; and
- One-third of the options will vest on the third anniversary date of the grant.

During the six months ended March 31, 2015, no options were issued, expired, cancelled or exercised.

The following summarizes information about stock options outstanding and exercisable at March 31, 2015:

Expiry date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (in years)
May 21, 2015 (1)	80,000	80,000	$ 0.05	0.14
May 10, 2018	2,850,000	1,140,000	0.05	3.11
July 11, 2019	900,000	300,000	0.05	4.28
August 1, 2019	700,000	-	0.05	4.34
	4,530,000	**1,520,000**		**3.48**

(1) Subsequent to March 31, 2015, 80,000 options were exercised for cash proceeds of $4,000.

During the six months ended March 31, 2015, the Company recorded share-based payments expense of $83,564 (March 31, 2014 – $18,954) which includes $20,000 for shares issued for services, and $63,564 relating to the vesting of stock options granted.

(Expressed in Canadian Dollars - unaudited)

10) Related Party Transactions

The financial statements include the accounts of Premier Diversified Holdings Inc. and its subsidiaries as listed in the following table:

	Country of incorporation	Percentage owned March 31, 2015	Percentage owned March 31, 2014
Premier Diagnostic Health Vancouver Inc.	Canada	100%	100%
Premier Diagnostic Center (Vancouver) Inc.	Canada	100%	100%
Premier Investment (Hong Kong) Ltd.	China	100%	100%
Premier Diagnostic (Hong Kong) Ltd.	China	100%	100%
Premier Diagnostic (China) Corporation (1)	China	100%	100%

(1) Premier Diagnostic (China) Corporation is 100% owned by Premier Diagnostic (Hong Kong) Ltd.

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Related party transactions and balances

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined its key management personnel to be executive and non-executive officers and directors of the Company.

The remuneration, including share-based payments, of key management personnel during the six months ended March 31, 2015 and 2014 were as follows:

	For the six months ended March 31, 2015	For the six months ended March 31, 2014
Salaries and benefits (1)	**$ 122,600**	$ 9,750
Consulting fees	**37,575**	-
Share-based payments	**17,287**	9,291
	$ 177,462	$ 19,041

(1) Include a bonus of $25,000 and 100,000 common shares with a fair value of $20,000 (March 31, 2014 – $nil) were paid to the CEO, also a director, of the Company.

In addition, the Company incurred the following transactions with other related parties during the six months ended March 31, 2015 and 2014:

- Professional fees of $154,154 (March 31, 2014 – $70,390) of which $43,386 were classified as share issue costs (March 31, 2014 – $nil) were incurred to a law firm whose principal is a director of the Company.

- Salary and benefits of $45,000 (March 31, 2014 – $48,000) were paid to a former CEO, also a director and a founder, of the Company.

- Consulting fees of $nil (March 31, 2014 – $24,000) were accrued to a director.

(Expressed in Canadian Dollars - unaudited)

10) Related Party Transactions (Continued)

Related party transactions and balances (continued)

During the six months ended March 31, 2015, the Company entered into a debt settlement agreement with a former CEO, also a director and a founder of the Company, to settle the outstanding payables of $127,194 with cash of $93,921; as a result, a gain on debt settlement of $33,273 was recognized in the statement of loss (March 31, 2014 – $nil).

Accounts payable and accrued liabilities includes $72,886 (September 30, 2014 – $287,558) due to directors, companies or businesses controlled by directors and companies related by common control and common directors.

As at March 31, 2015 and September 30, 2014, a loan of $7,267 was due from the former COO, who continues to act as a president of one of the Company's subsidiaries. The loan is non-interest bearing with no specific terms of repayment.

11) Commitments

Lease commitments

On July 31, 2009, the Company entered into a lease agreement to lease a premise located on the 3rd floor of 3185 Willingdon Green, Burnaby, BC for 124 months plus one day commencing on December 31, 2009 and expiring on April 30, 2020. The rentable area is approximately 6,145 square feet and is being utilized by the Company for a diagnostic clinic and the Company's administrative head office.

Fiscal year ended		
2015 (remaining)	$	103,421
2016		230,514
2017		230,514
2018		230,514
2019 to 2020		537,866
	$	1,332,829

The basic rent is:

- $20 per square foot per annum in months 1 to 60 (fiscal years ended 2010 to 2014); and
- $22 per square foot per annum in months 61 to 124 (fiscal years ended 2015 to 2020).

The Company is also responsible for the rent of up to 18 parking stalls while in use and its proportionate share of all real estate taxes, operating costs and utilities on a monthly basis, which are estimated to be at $13.13 per square foot of rentable area for the 2015 fiscal year of the building.

Other commitments

The Company has certain commitments as disclosed in Note 10 of the annual consolidated financial statements as at and for the year ended September 30, 2014.

(Expressed in Canadian Dollars - unaudited)

12) Contingency

In September 2009, Siemens Medical Solutions USA Inc. ("Siemens") commenced a claim against Premier Diagnostic Health Services (Vancouver) Inc. ("Premier Vancouver"), a wholly owned subsidiary of the Company, and IPET Pharmaceuticals Inc. ("IPET Pharma"). Siemens subsequently joined the Company as a Defendant. Siemens alleges that IPET Pharma transferred, sold or conveyed assets to the Company or Premier Vancouver in a manner that constituted a fraudulent conveyance. Siemens seeks relief against the Company, Premier Vancouver, IPET Pharma, IPET Pharmaceuticals (Montreal) Ltd. and PETSCAN International (Hong Kong) Limited. The Company is of the view that the fair value of the conveyed assets was paid and, documents were exchanged between the parties in early 2013 and examination for discovery was conducted in July 2013. In October 2014, the Company entered into an agreement with Siemens to pay $90,000 in full and final satisfaction of all claims of Siemens. This amount was accrued for and charged to operations during the year ended September 30, 2014. A Consent Order from the Supreme Court of British Columbia filed on December 16, 2014 dismissed the whole proceeding.

13) Segmented Information

The Company's business is considered as operating in one segment, being the operation of diagnostic imaging centers. The geographical division of the Company's non-current assets as at March 31, 2015 and September 30, 2014 is as follows:

	Canada	China	Total
As at March 31, 2015			
Non-current assets	$ 1,648,197	$ 772,496	**$ 2,420,693**
Liabilities	(1,153,867)	(740,139)	**(1,894,006)**
	$ 494,330	**$ 32,357**	**$ 526,687**
As at September 30, 2014			
Non-current assets	$ 311,813	$ 842,722	**$ 1,154,535**
Liabilities	(7,792,374)	(707,947)	**(8,500,321)**
	$ (7,480,561)	**$ 134,775**	**$ (7,345,786)**

14) Supplemental Cash Flow Information

	For the six months ended	
	March 31, 2015	March 31, 2014
Shares issued for conversion of preferred shares	**$ 500,000**	$ -
Shares issued for preferred shares dividends in lieu of cash	**5,688**	-
Shares issued for conversion of convertible debentures	**471,435**	-
Shares issued for services	**20,000**	-
Shares for debt settlement	**74,700**	-
Reclassification of investors' deposits to share captital	**5,768,108**	-
Reclassification of equity portion of convertible debentures on conversion	**50,370**	-
Present value of convertible debentures converted	**437,785**	-

15) Management Of Capital

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers the items included in shareholders' equity (deficiency) and debt financing as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. Cash consists of cash at a major Canadian chartered bank and at a major Chinese bank. Cash with a Canadian chartered bank is insured by the Canadian Deposit Insurance Corporation (CDIC). The Company's subsidiary, Premier Diagnostics (Hong Kong) Limited, invested a total of US$200,000 into a wholly foreign owned subsidiary in China.

16) Financial Instruments And Risk Management

Fair value

Financial instruments are classified into one of the five following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. Cash and cash equivalents are designated as fair value through profit and loss and their carrying value approximates fair value as they are cash or they are readily convertible into cash in the normal course. Accounts and GST receivable and loan receivable are classified as loans and receivables. Their carrying value approximates fair value due to their limited time to maturity and ability to convert them to cash in the normal course of business. Accounts payable and accrued liabilities and convertible debentures are classified as other financial liabilities. Their carrying values also approximate fair value due to their short term maturities. Other long term liabilities are designated as fair value through profit and loss.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 quoted prices in active markets for identical assets or liabilities;

Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 inputs for the asset or liability that are not based upon observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At March 31, 2015, cash and cash equivalents of $6,125,606 have been measured and recognized in the statement of financial position using Level 1 inputs and other long term liability of $677,911 have been measured and recognized in the statement of position using Level 3 inputs. Level 3 inputs include the use of a discounted cash flow model. Estimates are made regarding (i) future cash flows which are driven by historical information, and (ii) the discount rate used. At March 31, 2015 and September 30, 2014, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 in the fair value hierarchy above.

16) Financial Instruments And Risk Management (Continued)

Financial risk management

The Company's operations consist of providing health services in Canada and China. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of being affected by these risks, which may include credit risk, liquidity risk, interest rate risk, currency risk and other price risks. When material, these risks are also reviewed and monitored by the Board of Directors.

Credit Risk

Credit risk is the loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to liquid investments in bankers' acceptance and term deposits with a local Chinese bank, the carrying value of accounts and GST receivable, and a loan receivable from a related company. Management believes that the credit risk concentration with respect to financial instruments above is remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2015, the Company had a working capital of $5,042,759. Included in cash and cash equivalents are funds invested in China which are subject to liquidity risk as any funds to be withdrawn from the entity will be subject to various approvals. The Company will continue to raise additional capital through future private placements and public offerings.

Market Risk

The significant market risk exposure to which the Company is exposed are interest rate risk, currency risk and other price risk. The Company has a significant interest in a Company in China. All funds maintained by the entity are subject to foreign currency fluctuation and the bank account earns interest income at variable rates.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2015.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on cash and cash equivalents outstanding at March 31, 2015 would result in a $62,561 change to the Company's net loss for the six months ended March 31, 2015.

16) Financial Instruments And Risk Management (Continued)

Financial risk management (continued)

Market Risk (continued)

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash and cash equivalents, accounts and GST receivable, loan receivable, accounts payable and accrued liabilities, convertible debentures and other long term liability are held in Canadian Dollars ("CAD"), Chinese Yuan ("RMB") and Hong Kong dollars ("HKD"); therefore, RMB and HKD accounts are subject to fluctuation against the Canadian dollar.

The Company had the following balances in foreign currency as at March 31, 2015:

	in CAD	in RMB	in HKD
Cash and cash equivalents	5,976,357	722,940	1,105
Accounts and GST receivable (exclude GST receivable)	1,162	256,865	-
Loan receivable	7,267	-	-
Accounts payable	(719,605)	(7,807)	-
Accrued liability	(57,428)	-	-
Convertible debentures	(400,598)	-	-
Other long term liability	-	(3,289,018)	-
Total foreign currencies	**4,807,155**	**(2,317,020)**	**1,105**
Foreign currency rate	1.000	0.2062	0.1630
Equivalent to Canadian dollars	**$ 4,807,155**	**$ (477,769)**	**$ 180**

Based on these balances as at March 31, 2015, if the Chinese Yuan had weakened (strengthened) against the Canadian dollar, with all other variables held constant, by 10%, net loss would have decreased (increased) by approximately $47,777.

Based on these balances as at March 31, 2015, if the Hong Kong had weakened (strengthened) against the Canadian dollar, with all other variables held constant, by 10%, net loss would have increased (decreased) by approximately $18.

Other price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

17) Subsequent Events

Subsequent to March 31, 2015:

- On April 2, 2015, G. Andrew Cooke was elected to the Company's Board of Directors. On April 8, 2015, the Company granted 40,000 options with an exercise price of $0.21 to Mr. Cooke. The options are exercisable for a period of five years.

- Following receipt of a Summons to appear in the Magistrates' Court of the Hong Kong Special Administrative Region ("HK SAR") on January 22, 2015 by the Company's subsidiary, the Company's agent appeared in court on the subsidiary's behalf on April 15, 2015. A fine was imposed for late filing of tax returns for the 2013 fiscal year and provisional payment for the 2014 fiscal year by the deadline of May 4, 2013. A fine of HKD 2,400 (approx. CAD$400) was imposed. The Company paid this amount in full subsequent to March 31, 2015.

- On May 14, 2015, the Company settled an outstanding payable with one of its vendors. As result, the Company will recognize a gain on debt settlement of $203,061.

SCHEDULE G – CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2014

PREMIER DIAGNOSTIC HEALTH SERVICES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

(Expressed in Canadian Dollars)

SUITE 2001
1177 WEST HASTINGS STREET
VANCOUVER, BC, V6E 2K3

T: **604.683.3850**
F: **604.688.8479**

ACHAN

A CHAN AND COMPANY LLP

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of

Premier Diagnostic Health Services Inc.

We have audited the accompanying consolidated financial statements of Premier Diagnostic Health Services Inc. (the "Company"), which comprise the statements of financial position as at September 30, 2014 and September 30, 2013, and the statements of operations, comprehensive loss and deficit, statements of cash flows and statements of changes in shareholders' deficiency for the years ended September 30, 2014 and September 30, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2014 and September 30, 2013, and its financial performance and its cash flows for the years ended September 30, 2014 and September 30, 2013 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"A Chan and Company LLP"

Chartered Accountants

Vancouver, British Columbia

January 26, 2015

PREMIER DIAGNOSTIC HEALTH SERVICES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		September 30, 2014		September 30, 2013
ASSETS				
Current				
Cash & cash equivalents	$	**883,861**	$	108,433
Restricted cash (Note 15(i))		**5,206,733**		-
Accounts & GST receivable		**116,118**		80,849
Prepaid expenses		**28,601**		12,619
Loan receivable (Note 7(b))		**7,267**		-
		6,242,580		201,901
Security deposit		**17,015**		17,015
Leasehold improvements (Note 5)		**190,442**		223,526
Equipment (Note 5)		**947,078**		1,132,611
Total Assets	$	**7,397,115**	$	1,575,053
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current				
Accounts payable (Note 7(g))	$	**947,907**	$	832,005
Accrued liabilities (Note 7(g))		**263,573**		185,491
Tax payable (Note 17)		**36,854**		-
Investors deposits (Notes 6(b)(i) & Note 15(i))		**5,768,108**		35,000
Convertible debentures (Note 13)		**812,787**		381,280
		7,829,229		1,433,776
Other long term liability (Notes 10(iii) and 11)		**671,092**		528,446
Total Liabilities		**8,500,321**		1,962,222
Shareholders' Deficiency				
Equity portion of convertible debentures (Note 13)		**96,950**		46,580
Preferred shares (Note 14)		**500,000**		-
Share capital (Note 6)		**13,864,795**		13,618,853
Surplus		**86,625**		48,142
Deficit, per statement		**(15,651,576)**		(14,100,744)
Total Shareholders' Deficiency		**(1,103,206)**		(387,169)
Total Liabilities and Shareholders' Deficiency	$	**7,397,115**	$	1,575,053

Continuance of operations (Note 2)
Contingency (Note 9)
Commitments (Note 10)
Events after the reporting period (Note 15)

On behalf of the Board:

"Alnesh Mohan"
Director

"Sanjeev Parsad"
Director

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

PREMIER DIAGNOSTIC HEALTH SERVICES INC.
Consolidated Statements of Operations, Comprehensive Loss and Deficit
Year Ended September 30
(Expressed in Canadian Dollars)

	2014	2013
Revenue	$ 255,531	$ 220,390
Cost of Goods Sold	156,666	153,749
Gross Margin	98,865	66,641
Net Revenue from MRI Operation	648,934	632,122
Total Revenue	**747,799**	**698,763**
Other Operating Costs		
Amortization	198,989	200,603
Advertising & promotion	5,514	6,712
Premises	101,650	95,258
Repair and maintenance	124,413	42,522
Salaries, benefits and consulting	141,824	122,216
Other	191,589	66,993
Total Other Operating Costs	763,979	534,304
Net Operating Income (Loss)	**(16,180)**	**164,459**
Corporate Expenses		
Amortization	19,628	37,626
Amortization of interest on convertible debentures (Note 13)	65,108	17,961
Consulting	69,817	217,958
Finance expenses on convertible debenture	-	62,625
Insurance	45,561	65,227
Professional fees	205,113	149,022
Rent	104,851	109,996
Salaries, wages & benefits	253,435	124,602
Travel	33,332	96,632
Miscellaneous	123,040	129,055
Total Corporate Expenses	**919,885**	**1,010,704**
Loss before other items	**(936,065)**	**(846,245)**
Other items		
Interest income	(130)	(41)
Loss on fair value of other long term liability (Note 11)	334,344	293,363
Gain on settlement of debts	(15,027)	(473,894)
Share based payments (Notes 6(b)(v) & Note 6(d))	173,483	48,142
Loss on legal settlement (Note 9)	90,000	-
Foreign exchange (gain) / loss	(4,757)	2,209
Current income tax expense (Note 17)	36,854	-
Loss and comprehensive loss for the year	**(1,550,832)**	**(716,024)**
Deficit, beginning of year	(14,100,744)	(13,384,720)
Deficit, end of year	$ **(15,651,576)**	$ **(14,100,744)**
Basic and diluted loss per common share	$ **(0.03)**	$ **(0.02)**
Weighted average number of shares outstanding	$ **53,311,011**	$ **44,726,416**

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

PREMIER DIAGNOSTIC HEALTH SERVICES INC.
Consolidated Statements of Cash Flows
Year Ended September 30
(Expressed in Canadian Dollars)

		2014		2013
Cash flows provided by (used in)				
Operating activities				
Loss and comprehensive loss for the year	$	**(1,550,832)**	$	(716,024)
Items not affecting cash:				
Current income tax expense		**36,854**		-
Amortization of equipment		**218,617**		238,229
Amortization of interest on debentures (Note 13)		**65,108**		17,961
Amortization of prepaid expenses		**-**		9,378
Loss on fair value of other long term liability (Note 11)		**334,344**		293,363
Loss on legal settlement (Note 9)		**90,000**		-
Payment of services by issuance of shares (Note 6(b)(iv))		**20,000**		-
Gain on settlement of debt		**(15,027)**		(473,894)
Reclassification of office & rental expenses		**-**		294
Finance expenses on convertible debentures		**-**		62,620
Share based payments (Notes 6(b)(v) & Note 6(d))		**173,483**		48,142
Net revenue distributed to pay down deferred liability (Note 11)		**(191,698)**		(189,711)
Changes in non-cash working capital items:				
Increase in restricted cash		**(5,206,733)**		-
Decrease (Increase) in accounts & GST receivable		**(35,269)**		29,002
Increase in prepaid expenses & loan receivable		**(23,249)**		(12,619)
Increase in accounts payable and accrued liabilities		**236,103**		231,490
Cash used in operating activities		**(5,848,299)**		(461,768)
Financing activities				
Investors deposits (Notes 6(b)(i) & Note 15(i))		**5,733,108**		35,000
Convertible debentures, net of finance fees & interest payment (Note 13)		**416,769**		368,539
Proceeds from issuance of common shares, net of finders' fees (Note 6)		**(1,150)**		148,010
Proceeds from issuance of preferred shares, net of finders' fees (Note 14)		**475,000**		-
Cash provided by financing activities		**6,623,727**		551,549
Change in cash & cash equivalents during the year		**775,428**		89,781
Cash & cash equivalents, beginning of the year		**108,433**		18,652
Cash & cash equivalents, end of year	$	**883,861**	$	108,433
Supplemental cash flow information:				
Cash paid for interest	$	**33,231**	$	-
Cash paid for income taxes	$	**-**	$	-
Issuance of shares for consulting services provided	$	**-**	$	50,000
Issuance of shares to settle debts	$	**77,092**	$	659,815
Issuance of bonus shares as share based payments	$	**135,000**	$	-
Accrual for loss on legal settlement	$	**90,000**	$	-

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

PREMIER DIAGNOSTIC HEALTH SERVICES INC.
Consolidated Statements of Changes in Shareholder's Deficiency
(Expressed in Canadian Dollars)

	Number of shares	Amount $	Preferred Shares* $	Contributed Surplus $	Equity Portion of Convertible Debenture $	Deficit $	Total Shareholders Deficiency $
Balance at September 30, 2013	52,319,978	13,618,853	-	48,142	46,580	(14,100,744)	(387,169)
Shares issued for cash	350,000	35,000	-	-	-	-	35,000
Preferred shares issued for cash	-	-	475,000	-	-	-	475,000
Preferred shares issued in settlement of debts	-	-	25,000	-	-	-	25,000
Share based payments	-	-	-	38,483	-	-	38,483
Shares issued in settlement of debt	1,503,486	77,092	-	-	-	-	77,092
Bonus shares issued as share based payments	3,000,000	135,000	-	-	-	-	135,000
Finder's fee paid in cash	-	(1,150)	-	-	-	-	(1,150)
Equity portion of convertible debentures	-	-	-	-	50,370	-	50,370
Net loss for the year	-	-	-	-	-	(1,550,832)	(1,550,832)
Balance at September 30, 2014	57,173,464	13,864,795	500,000	86,625	96,950	(15,651,576)	(1,103,206)
Balance at September 30, 2012	42,436,653	13,213,661	-	-	-	(13,384,720)	(171,059)
Shares issued for cash	600,000	60,000	-	-	-	-	60,000
Shares issued in settlement of debt	6,805,325	185,922	-	-	-	-	185,922
Shares issued for services provided	1,000,000	50,000	-	-	-	-	50,000
Exercise of warrants	1,060,000	108,000	-	-	-	-	108,000
Bonus shares for convertible			-	-	-	-	
debentures	418,000	21,260	-	-	-	-	21,260
Finder's fee paid in cash	-	(19,990)	-	-	-	-	(19,990)
Shares based payments	-	-	-	48,142	-	-	48,142
Equity portion of convertible	-	-	-	-	-	-	
debentures	-	-	-	-	46,580	-	46,580
Net loss for the year	-	-	-	-	-	(716,024)	(716,024)
Balance at September 30, 2013	52,319,978	13,618,853	-	48,142	46,580	(14,100,744)	(387,169)

* Preferred shares issued by a subsidiary of the Company

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

1. Incorporation, Amalgamation and Nature of Business

Premier Diagnostic Health Services Inc., (the "Company"), was formed by a Certificate of Amalgamation pursuant to the *Business Corporations Act* (British Columbia) on July 16, 2010, as the result of an amalgamation between Premier Diagnostic Health Services Inc., which was incorporated under the *Business Corporations Act* (British Columbia) on September 22, 2006 ("Old PDH"), and Golden Hat Resources Inc. ("Golden Hat"), a company originally incorporated under the *Company Act* (British Columbia), on January 14, 1982 under the name "Banex Resources Corporation" (the "Amalgamation"). The Company's office is located at Suite 301 - 3185 Willingdon Green, Burnaby, BC V5G 4P3. The Company's common shares are currently listed for trading on the Canadian Securities Exchange ("CSE") under the symbol PDH.

The principal business of the Company is the establishment and operation of medical diagnostic imaging centers in Canada and China. These centers provide PET-CT (Positron Emission Technology / Computed Tomography) and/or MRI (Magnetic Resonance Imaging) scans. Activities to-date have been the development and operation of a PET-CT diagnostic scanning centre in Burnaby, BC and the establishment of an MRI diagnostic scanning facility under a cooperative venture between the Company's Chinese subsidiary and the Military Police Hospital No. 3 in Beijing, as well as the raising of capital, the identification and evaluation of potential additional locations for facilities, and the advancement of plans and regulatory approval for commencement of development of these other facilities.

2. Continuance of Operations

These consolidated financial statements have been prepared in accordance with IFRS that apply to a going concern. This assumes that the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations. As at September 30, 2014, the Company had not yet achieved profitable operations, had accumulated losses of $15,651,576 (September 30, 2013 - $14,100,744) after consolidation of the loss of Golden Hat, had a working capital deficit of $1,586,649 (September 30, 2013 - $1,231,875), which may not be sufficient to sustain operations over the foreseeable future, and expects to incur further losses in the development of its business, all of which cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent, among other things, upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management has raised capital through equity and debt financing, and anticipates that it will continue to do so, in addition to conducting revenue generating operations. The outcome of these efforts cannot be predicted at this time. If the Company is unable to make its operations profitable, or obtain adequate additional financing, management may be required to curtail some of the Company's operations or altogether. These consolidated financial statements do not contain any adjustments to the amounts and classifications of assets and liabilities, which might be necessary should the Company be unable to continue in business.

3. Basis of Preparation

Statement of Compliance

These consolidated financial statements include the accounts of the Company and its subsidiaries. These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were approved and authorized for issuance by the board of directors of the Company on January 26, 2015.

Basis of Consolidation and Presentation

These consolidated financial statements have been prepared on an accrual basis and are based on historical cost basis, except for financial instruments which are measured at fair value. All dollar amounts presented are in Canadian dollars, the functional currency of the Company, unless otherwise specified.

These consolidated financial statements include the accounts of the Company and its 100% interest in IPET Pharmaceuticals Montreal Inc., an inactive company; the accounts of its 100% interest in Premier Diagnostic Health Services (Vancouver) Inc.; the accounts of its 100% interest in Premier Diagnostic Center (Vancouver) Inc., and 100% of the consolidated accounts of Premier Diagnostics (Hong Kong) Limited (formerly, "Petscan International (Hong Kong) Limited") ("PDHK") and PDHK's 100% owned subsidiary in China (a wholly-owned foreign enterprise, doing business as Premier Diagnostic China Corporation).

Significant accounting judgments and estimates

The preparation of these consolidated 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 consolidated financial statements and the reported revenues and expenses during the period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Management has made certain assumptions about the future. If actual results differ from such assumptions, then this could result in a material adjustment to the carrying amounts of assets and liabilities. These assumptions include, but are not limited to, the following:

Depreciation rates

The application of determining the useful lives of equipment are estimates by management based on assumptions about future events. Estimates and assumptions made may change if new information becomes available. New information may become available with use of the equipment that causes the Company to adjust its estimate.

3. Basis Of Preparation (Continued)

Significant accounting judgments and estimates (continued)

Impairment

The Company assesses its property and equipment for impairment by comparing the carrying amount to the recoverable amount of the underlying assets. The impairment test is performed at the cash generating unit ("CGU") for development and production assets. The determination of the recoverable amount involves estimating the asset's fair value less costs to sell or its value-in use, which is based on its discounted future cash flows using an applicable discount rate. Future cash flows are calculated based on management's best estimate of future revenue and inflation and are discounted based on management's current assessment of market conditions.

Provisions

The Company recognizes a provision for present obligations (legal or constructive) in the consolidated financial statements equal to the net present value of the estimated future payments required to settle the estimated obligations at the statement of financial position date. The measurement of the provisions involves the use of estimates and assumptions including the discount rate, the expected timing of future payments and the amount of future payments. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Fair value calculation of share-based payments

The fair value of share-based payments is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation, such as the future forfeiture rate expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management’s best estimates based on historical information and future forecasts.

Taxation

The calculation of deferred income tax is based on a number of assumptions including estimate of future periods in which temporary differences, tax losses and other tax credits will reverse, the use of substantively enacted tax rates at the reporting date and the likelihood of deferred tax assets being realized.

Cash generating units

The determination of the Company's CGUs impacts the measurement of impairment that is recognized in the consolidated financial statements. The determination of CGUs requires judgment in defining the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar market locations, shared infrastructure, geographical proximity, type of services provided, similar exposure to political risk, market risk and materiality.

Valuation of accounts receivable

The valuation of accounts receivable is based on management’s best estimate of collectability and the provision for doubtful accounts.

Contingencies

Contingencies are resolved only when one or more events transpire. As a result, the assessment of contingencies inherently involves estimating the outcome of future events.

4. Significant Accounting Policies

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 and each of its subsidiaries 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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at September 30, 2014 and September 30, 2013, the Company did not have cash equivalents.

Financial instruments

Financial assets

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

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

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.

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 profit or loss.

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

Financial liabilities

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

4. Significant Accounting Policies (Continued)

Financial instruments (continued)

Financial liabilities (continued)

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.

Amortization

Equipment is carried at cost less accumulated amortization. Amortization is calculated using the method at the following annual rates:

Computer equipment	45% declining balance
Diagnostic equipment	30% declining balance
Furniture and fixtures	30% declining balance
Vehicle 30% declining balance	
MRI equipment	straight line over term of cooperative venture agreement

Leasehold improvements are carried at cost less accumulated amortization. Cost is amortized over the term of lease agreement on a straight line basis.

In the year of acquisition, equipment and leasehold improvements are amortized at one-half the annual rate.

Impairment of tangible and intangible 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 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4. Significant Accounting Policies (Continued)

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period.

Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For diluted loss per share, the dilutive effect has not been presented separately as it proved to be anti-dilutive. Loss per share is calculated using the weighted average number of shares.

Share-based payments

The Company's share option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

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 regards 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 nor 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 balance sheet date.

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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

4. Significant Accounting Policies (Continued)

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Revenue recognition

Revenue from scanning fees is recognized as services are performed and is billed pursuant to agreed terms. Collection is generally made upon completion of such services.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

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

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after October 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the summary below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

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 financial statements based on the characteristics of its financial instruments at the time of adoption.

The IASB issued IFRIC 21 - Levies ("IFRIC 21"), an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement

(Expressed in Canadian Dollars)

4. Significant Accounting Policies (Continued)

for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the impact of the adoption of this interpretation on its financial statements.

The IASB issued amendments to IAS 36 - Impairment of Assets ("amendments to IAS 36"). The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

5. Equipment, Leasehold Improvements

	September 30, 2014		
Equipment	Cost	Accumulated Depreciation	Net Book Value
Computer equipment	$ 16,471	$ 15,554	$ 917
Diagnostic equipment	482,890	387,006	95,884
MRI equipment	1,404,534	561,812	842,722
Furniture and fixtures	36,341	28,786	7,555
	$ 1,940,236	$ 993,158	$ 947,078
.			
Leasehold improvements	$ 341,863	$ 151,421	$ 190,442

	September 30, 2013		
Equipment	Cost	Accumulated Depreciation	Net Book Value
Computer equipment	$ 16,471	$ 14,804	$ 1,667
Diagnostic equipment	482,890	345,914	136,976
MRI equipment	1,404,534	421,360	983,174
Furniture and fixtures	36,341	25,547	10,794
	$ 1,940,236	$ 807,625	$ 1,132,611
Leasehold improvements	$ 341,863	$ 118,337	$ 223,526

(Expressed in Canadian Dollars)

6. Share Capital

	Number of Shares		Amount
Authorized:			
Unlimited number of common shares without par value.			
Issued common shares:			
Balance at September 30, 2012	42,436,653	$	13,213,661
Company shares issued at $0.10 per share for cash (Note 6 (a)(i))	450,000		45,000
Company shares issued at $0.10 per share for cash (Note 6 (a)(ii))	150,000		15,000
Exercise of warrants at $0.10 per share for cash (Note 6(a)(iii))	960,000		96,000
Exercise of warrants at $0.10 per share for cash (Note 6(a)(iv))	100,000		12,000
Settlement of debt at fair value of $0.02 per share (Note 6(a)(v))	4,461,965		89,239
Settlement of debt at fair value of $0.04 per share (Note 6(a)(vi))	1,825,443		73,018
Settlement of debt at fair value of $0.065 per share (Note 6(a)(vii))	517,917		33,665
Settlement of services at fair value of $0.04 per share (Note 6(a)(viii))	1,000,000		40,000
Bonus shares issued at fair value of $0.05 - $0.07 per share (Note 6(a)(ix))	418,000		21,260
Finder's fee paid in cash	-		(19,990)
Balance at September 30, 2013	52,319,978		13,618,853
Company shares issued at $0.10 per share for cash (Note 6 (b)(i))	350,000		35,000
Settlement of debt at fair value of $0.015 per share (Note 6(b)(ii))	15,000		225
Settlement of debt at fair value of $0.055 per share (Note 6(b)(iii))	1,238,486		68,117
Settlement of services at fair value of $0.035 per share (Note 6(b)(iv))	250,000		8,750
Bonus shares issued at fair value of $0.045 per share (Note 6(b)(v))	3,000,000		135,000
Finder's fee paid in cash	-		(1,150)
	57,173,464	$	13,864,795

(a) (i) Issued 450,000 Units at $0.10 per Unit for gross proceeds of $45,000, each unit consisting of one common share and one share purchase warrant exercisable at $0.15 for every two warrants redeemed and expiring on September 30, 2013.

(ii) Issued 75,000 Units at $0.20 per Unit for gross proceeds of $15,000, each unit consisting of two common shares and one share purchase warrant exercisable at $0.15 for every warrant redeemed plus one bonus share for each warrant exercised and expiring on June 30, 2013.

(iii) 960,000 warrants were exercised at $0.10 per share for gross proceeds of $96,000.

(iv) 100,000 warrants were exercised at $0.12 per share for gross proceeds of $12,000.

(v) 4,461,965 common shares were issued to settle related party debts and shareholder loans of $446,196 at a fair value of $0.02 per share. Gain on settlement of these debts of $356,957 was recognized in prior year operations.

(vi) 1,825,443 common shares were issued to settle total debt of $182,544 owing to IPET Pharma, a company related by a common director, at a fair value of $0.04 per share. Gain on settlement of this debt of $109,527 was recognized in prior year operations.

(vii) 517,917 common shares were issued to settle total debt of $31,075 owing to a former director of the Company at a fair value of $0.065 per share. Loss on settlement of this debt of $2,590 was recognized in prior year operations.

(viii) 1,000,000 common shares were issued to a company controlled by a director of the Company to settle services of $50,000 at a fair value of $0.04 per share (See Note 7(f)). Gain on settlement of this debt of $10,000 was recognized in prior year operations.

(ix) As part of the 2013 convertible debenture unit subscriptions, each unit consisted of one unsecured convertible debenture in the principal amount of $1,000 and 1,000 bonus common shares of the Company. A total of 418 units were subscribed for and 418,000 bonus shares at fair values between $0.05 to $0.07 per share were issued.

6. Share Capital (Continued)

(b) (i) 350,000 shares were issued for cash reallocated from investors' deposits for gross proceeds of $35,000.

(ii) 15,000 common shares were issued to settle debt owing to an external service provider at a fair value of $0.015 per share. Gain on settlement of this debt of $34,443 was recognized in current year operations.

(iii) 1,238,486 common shares were issued to settle total debts of $61,924 owing to a law firm of which one of its principals is a director of the Company at a fair value of $0.055 per share. Loss on settlement of debt of $6,913 was recognized in current year operations.

(iv) 250,000 common shares were issued to settle services of $20,000 owing to an external service provider at a fair value of $0.035 per share. Gain on settlement of this debt of $11,250 was recognized in current year operations.

(v) 3,000,000 common shares ("Signing Bonus Shares") were issued to a newly appointed director of the Company as a signing bonus at a fair value of $0.045 per share. These shares are subject to escrow of a one year period. $135,000 was charged to current year operations as a share based payment.

(c) Escrow Shares

Pursuant to an escrow agreement entered into prior to the Amalgamation (See Note 1), 11 shareholders holding in aggregate 12,690,362 shares placed all these shares in escrow subject to a hold period of 36 months from the effective date of the Amalgamation. 10% of these escrowed shares were released from escrow on the date that the Company's common shares were listed on the CSE and 15% of the balance is to be released every six months thereafter. As at September 30, 2014, Nil (2013 – 1,843,024) shares were still in escrow from the Amalgamation and 3,000,000 Signing Bonus Shares are still in escrow.

(Expressed in Canadian Dollars)

(d) Options

The shareholders of the Company, and the CSE, approved an incentive stock option plan in July 2010 the terms of which were consistent with the regulatory requirements of both the TSX Venture Exchange and CSE and were updated in February 2013. Pursuant to this stock option plan, the Company's board of directors may grant stock options to purchase the number of common shares which is equivalent to up to 10% of the aggregate number of issued and outstanding common shares as at the date of grant.

The following summarizes information about stock options outstanding and exercisable as at September 30, 2014:

Outstanding Options	Options Exercisable	Exercise Price	Expiry Date
80,000	80,000	$0.05	May 21, 2015
2,850,000	1,140,000	$0.05	May 10, 2018
900,000	-	$0.05	July 11, 2019
700,000	-	$0.05	August 1, 2019

A summary of the status of the Company's stock options as at September 30, 2014 and changes during the year is presented below:

	Outstanding Options	Options Exercisable	Weighted Average Exercise Price
Balance September 30, 2013	3,250,000	650,000	$0.05
Vested during the year	-	610,000	$0.05
Granted	1,600,000	-	$0.05
Expired / Cancelled	(320,000)	(40,000)	$0.05
Balance September 30, 2014	4,530,000	1,220,000	$0.05

6. Share Capital (Continued)

(d) Options (continued)

On May 10, 2013, the Company granted 2,950,000 stock options to eight officers, directors and employees and 300,000 stock options to an external consultant, all exercisable at $0.05 per share until May 10, 2018. 20% of these options vested immediately and 20% will vest every year thereafter. The fair value of these stock options accrued and charged to operations and reserves during the year ended September 30, 2013 as share-based compensation payments was determined to be $48,142 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rates of 1.04% to 1.38%, expected life term from one year to five years, forfeiture rate of 0%, expected volatility rate of 278% and a dividend rate of 0%. Accrual of the prior year's share-based payments of $15,702 was reversed in the current year and $47,467 of share based payments on vested options was accrued and charged to operations and reserves in the current year.

On July 11, 2014, the Company granted 900,000 stock options to six directors, exercisable at $0.05 per share until July 11, 2019. One third of these options will vest over each anniversary date from the grant date. The fair value of these stock options accrued and charged to operations and reserves in the current year as share based compensation payments was determined to be $2,329 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rates of 1.57%, expected life term of 5 years, forfeiture rate of 0%, expected volatility rate of 308% and a dividend rate of 0%.

On August 1, 2014, the Company granted 700,000 stock options to a director, exercisable at $0.05 per share until August 1, 2019. One third of these options will vest over each anniversary date from the grant date. The fair value of these stock options accrued and charged to operations and reserves in the current year as share based compensation payments was determined to be $1,749 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rates of 1.51%, expected life term of 5 years, forfeiture rate of 0%, expected volatility rate of 307% and a dividend rate of 0%.

During August 2014, the Company agreed to extend two portions of the vested options of a former director (resigned August 2014). These options were set to expire on November 5, 2014. 80,000 of the 200,000 vested options were extended to May 21, 2015. As a result of the extension of the expiry date, the fair value of options extended was charged to operations and reserves in the current year as share based compensation payments. The charge was determined to be $2,640 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rates of 1.01%, expected life term from 0.2 year to 0.75 years, forfeiture rate of 0%, expected volatility rate from 95% to 336% and a dividend rate of 0%.

(e) Warrants

(i) During the year ended September 30, 2013, 450,000 warrants were issued with an exercise price of $0.10 per share, expiring on September 30, 2013, 75,000 additional warrants were issued with an exercise price of $0.15 per share expiring on June 30, 2013. All of these warrants expired during the year ended September 30, 2013.

(ii) No warrants were issued during the year ended September 30, 2014.

(Expressed in Canadian Dollars)

	Number of Warrants	Exercise Price
Balance, September 30, 2012	8,318,376	$0.10 - $0.15
Issued	525,000	$0.10 - $0.15
Exercised / Expired	(8,843,376)	$0.10 - $0.12
Balance, September 30, 2013 & 2014	-	-

7. Related Party Transactions

The financial statements include the accounts of the Company and its subsidiaries as listed in the following table:

	Jurisdiction of Formation	Equity Ownership As At September 30, 2014	September 30, 2013
Premier Diagnostic Health Services Vancouver Inc.	B.C.	100%	100%
Premier Diagnostic Center (Vancouver) Inc.	B.C.	100%	Nil
Premier Diagnostics (Hong Kong) Ltd.	China	100%	100%

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties during the year ended September 30, 2014, are disclosed below.

(a) Salary and benefits of $58,509 (2013: consulting fees of $96,000 were accrued) were paid to a former CEO, also a director and a founder, of the Company (See Note 15(v)).

(b) Salary and benefits of $98,075 (2013: $60,000) were paid to a former COO, who continues to be president of one of the subsidiaries of the Company. A loan of $7,267 was also due from this former COO.

(c) Salary and benefits of $10,625 (2013: $Nil) were paid to the CEO, also a director, of the Company.

(d) Salary and benefits of $30,753 (2013: $Nil as CFO of the Company) were paid to the CFO of the Company during the period while she assumed the role of CFO.

(e) Salary and benefits of $39,355 (2013: $50,750) were paid to a former CFO of the Company during the period while he was a CFO.

(f) Professional fees of $224,631 (2013: $101,919) were incurred to a law firm whose principal is a director of the Company and consulting fees of $Nil (2013: $50,000) incurred to a company controlled by this same director.

As at September 30, 2014,

(a) Accounts payable and accrued liabilities includes $287,558 (September 30, 2013: $229,262) due to directors, ex-directors, companies or businesses controlled by directors and companies related by common control and common directors.

(b) On July 2, 2014, the Company issued a second secured convertible debenture in the amount of $200,000 to an investment fund whose principals are also new directors of the Company (See Note 13).

(c) The Company closed a private placement with aggregate gross proceeds of $500,000 and its wholly-owned subsidiary, Premier Diagnostic Center (Vancouver) Inc. issued 500,000 Class A Convertible Preferred Shares at $1.00 per share to three parties whose principals are directors of the Company (See Note 14).

(d) All related party transactions above are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

8. Financial Instruments

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, accounts receivable, loans receivable/payable, investor deposits, accounts payable and accrued liabilities, deferred liabilities, other long term liability and loan receivable/payable to shareholders.

Financial Instrument	Classification
Cash and cash equivalents	FVTPL (Level 1)
Accounts receivable	Loans and receivable
Accounts payable & accrued liabilities, loan payable & shareholders' loan	Other liabilities
Deferred liability	Other liabilities
Other long term liability	FVTPL (Level 3)

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that 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 (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of cash and cash equivalents, accounts receivable and accounts payable & accrued liabilities approximate their book values because of the short-term nature of these instruments.

Loan receivable/payable to shareholder and loans receivable/payable are related party transactions and are carried at cost. Due to uncertainty of amounts to be repaid and timing of repayments, deferred liability is carried at carrying value which approximates its amortized cost.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk is the loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to liquid investments in bankers' acceptance and term deposits with a local Chinese bank, and loan receivable from a related company. Management believes that the credit risk concentration with respect to financial instruments above is remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2014, the Company had a working capital deficiency of $1,586,649 (September 30, 2013: deficiency of $1,231,875). Included in cash balances are funds invested in China which are subject to liquidity risk as any funds to be withdrawn from the entity will be subject to various approvals. The Company will continue to raise additional capital through future private placements and public offerings.

Market Risk

The significant market risks exposure to which the Company is exposed are foreign currency risk and interest rate risk. The Company has a significant interest in a Company in China. All funds maintained by the entity are subject to foreign currency fluctuation and the bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rate fluctuations.

9. Contingency

In September 2009, Siemens Medical Solutions USA Inc. ("Siemens") commenced a claim against Premier Diagnostic Health Services (Vancouver) Inc. ("Premier Vancouver"), a wholly owned subsidiary of the Company, and IPET Pharmaceuticals Inc. ("IPET Pharma"). Siemens subsequently joined the Company as a Defendant. Siemens alleges that IPET Pharma transferred, sold or conveyed assets to the Company or Premier Vancouver in a manner that constituted a fraudulent conveyance. Siemens seeks relief against the Company, Premier Vancouver, IPET Pharma, IPET Pharmaceuticals (Montreal) Ltd. and PETSCAN International (Hong Kong) Limited. The Company is of the view that fair value of the conveyed assets was paid and, documents were exchanged between the parties in early 2013 and examination for discovery was conducted in July 2013. In October 2014, the Company entered into an agreement with Siemens to pay $90,000 in full and final satisfaction of all claims of Siemens. This amount was accrued for and charged to operations in the current year (See Note 15(iv)).

10. Commitments

i) Lease commitments

On July 31, 2009, the Company entered into a lease agreement to lease a premise located on the 3rd floor of 3185 Willingdon Green, Burnaby, BC for 124 months plus one day commencing on December 31, 2009 and expiring on April 30, 2020. The rentable area is approximately 6,145 square feet and is being utilized by the Company for a diagnostic clinic and the Company's administrative head office.

The basic rent is:

- $20 per square foot per annum in months 1 to 60; and

- $22 per square foot per annum in months 61 to 124.

The Company is also responsible for the rent of up to 18 parking stalls while in use and its proportionate share of all real estate taxes, operating costs and utilities on a monthly basis, which are estimated to be at $13.13 per square foot of rentable area for the 2015 fiscal year of the building.

ii) Technology agreement commitments

The Company has entered into a Technology License Agreement ("the Agreement") with IPET Pharmaceuticals Inc. ("IPET Pharma"), a company related by common directors and common control, with an effective date of September 30, 2006. The Agreement grants to the Company a royalty-bearing, exclusive License of the Licensed Product, CanTrace FDG, to manufacture, have manufactured, use, sell and otherwise commercialize and exploit the Licensed Product within Canada for use in the field of Oncology. The Company has the right to grant a sublicense to other affiliated parties provided these parties agree to be bound by this same Agreement.

The term of this Agreement is for a period of 10 years from September 30, 2006. IPET Pharma has, any time after September 30, 2009, the right to terminate the Agreement with respect to any provinces in Canada if the Company has not commercialized the Product in such province. The Company has not achieved commercialization.

10. Commitments (Continued)

ii) Technology agreement commitments (continued)

In consideration, the Company agreed to pay IPET Pharma a License fee of $10,000 upon execution of the Agreement and an annual License renewal fee of $10,000 on each anniversary of the effective date. The Company further agreed to make a running royalty payment equal to 7.5% of sales revenues calculated with respect to each quarter of each year of the term of the license provided that the royalty payment for each quarter will not be less than $10,000. IPET Pharma has agreed to defer the payment of the accrued debt related to this obligation as a loan to a date later than September 30, 2012 provided the Company makes monthly payments of not less than $1,500 with respect to the obligation. This loan is non-interest bearing and the current portion for next 12 months amounts to $18,000. During the year ended September 30, 2013, the Company settled this loan of $182,544 by issuing 1,825,443 common shares of the Company and terminated this Agreement with IPET Pharma.

iii) Revenue Sharing Agreement

With respect to the Company-owned facility in China, on March 12, 2010 an agreement was executed between Beijing Premier International Medical Equipment Technology Services Corporation Limited ("Premier Beijing"), the wholly-owned subsidiary of the Company's subsidiary, Premier Diagnostics (Hong Kong) Ltd. ("Premier HK"), and People's Republic of China Military Police Beijing Head Precinct Hospital No. 3 (the "Hospital") to equip and operate a magnetic resonance imaging ("MRI") diagnostic clinic under a cooperative joint venture ("JV"). Pursuant to this agreement, Premier Beijing is responsible for the design of the clinic and the purchase and installation of an MRI scanner which is to be jointly operated under the direction of the Hospital's staff. Under the terms of the JV, as subsequently amended, Premier Beijing will receive monthly a share of the clinic's operating revenue, net of certain specified items, initially on the basis of 77% of revenue and reducing to 51%. On the termination of the contract in 10 years, the Hospital will have the right to purchase for a nominal price the MRI equipment, now owned by Premier Beijing and recorded in the consolidated financial statements at 100% of the purchase.

As consideration for the financing of 30% of the purchase price of that MRI equipment provided by Amtex Healthcare Inc. ("Amtex"), Amtex, pursuant to a cooperation agreement finalized on November 16, 2011, will receive 30% of those net proceeds from the MRI facility operations periodically distributed by the Hospital to Premier.

The 30% profit sharing by Amtex is considered as a derivative liability such that actual payments made by the Company to Amtex in the future depends on future profits shared by the Company with the Hospital. As a result, this is a financial liability that should be measured annually at fair value through profit or loss. The fair value is calculated based on a 12% imputed rate to discount future cash flows in the contract periods.

11. Deferred Liability and Long Term Liability

The cooperative joint venture agreement originally entered into by the Company and Amtex Healthcare Inc. ("Amtex") with respect to the provision of an MRI scanner to People's Republic of China Military Police Beijing Head Precinct Hospital No. 3 (the "Hospital") indicated that Amtex provided 30% of the financing while the Company paid for 70% of the purchase price (See Note 10(iii)). In return, Amtex would share in 30% of the net profit distributed from the Hospital through some legal structure. The final agreement with Amtex however was not finalized until November of 2011. The Company originally recorded 70% of the MRI equipment price as the cost of equipment in 2010. However, since the agreement was entered into in 2010 with 100% of full MRI equipment price, management determined that it should have recorded 100% of the full price and restated the cost of equipment in 2010. This would then result in recording a deferred liability consisting of the 30% financing provided by Amtex. By entering into this agreement, Amtex agreed to provide this financing and in return would share the Company's net profit distributed from the Hospital within the term of the cooperative agreement. The Company is no longer legally liable to repay Amtex this amount of 30% financing in the future. However, 100% of the contract price is the price the Company would have paid if it was able to finance the purchase itself. As a result, 100% of the contract price would determine the fair value of the equipment purchased at the time of acquisition.

(Expressed in Canadian Dollars)

The recording of the cost of the MRI equipment at 100% of the contract price has resulted in recording a deferred liability equal to 30% of the contract price. At initial recognition, the contract price determines the fair value of this deferred liability and it should be measured at amortized cost subsequently. The Company determines that 12% is the appropriate imputed interest rate in calculating the amortized interest expense recognized on this deferred liability. Any net profit distributed to Amtex from the Hospital should then be considered as an offset first against the imputed interest and then against the deferred liability. After finalizing the profit sharing agreement with Amtex (See Note 10(iii)), the Company was considered entering into a derivative agreement such that total amounts payable to Amtex over remaining years of JV operation would then depend on future cash flows received by the Company from the MRI operation. The deferred liability, at the time when the profit sharing agreement commenced, should then be revalued based on discounted future expected cash flows payable to Amtex. As a derivative financial liability, this long term liability should be measured annually through profit and loss. During the current year, total payments of $191,698 (2013: $189,711) were paid to Amtex. As of September 30, 2014, the fair value of the deferred liability payable to Amtex with respect to projected future payments to Amtex until December of 2020 is estimated to be $671,092 (2013: $528,446). As a result, loss on fair value of other long term liability of $334,344 (2013: $293,363) was charged to the current year operations.

12. Segmented Information

The Company's business is considered as operating in one segment, being the operation of diagnostic imaging centers. The geographical division of the Company's total assets as of September 30, 2014 and September 30, 2013 is as follows:

Assets	Sept 30, 2014	Sept 30, 2013
Canada	$ 6,352,622	$ 564,616
China	1,044,493	1,010,437
Total	$ 7,397,115	$ 1,575,053

13. Convertible Debentures

During the year ended September 30, 2013, the Company closed an offering of 418 units, each unit consisting of an unsecured convertible debenture in the principal amount of $1,000 and 1,000 common shares, for aggregate gross proceeds of $418,000. The debentures have a maturity day of July 31, 2016 (if not otherwise converted) and bear interest at a rate of 8% per annum payable on July 31 and December 31 each year during the term or the earlier of conversion or maturity. The debentures are convertible into common shares of the Company at any time prior to maturity, in whole or in part, at the option of the holder, at a conversion rate of $0.18 per share. The Company will have the right, on 30 days' notice, to redeem all or any portion of the principal plus accrued interest due on the debentures at a rate of 110% of the outstanding principal and interest. Holders have the right to convert during the 30 day notice period.

The Company recorded the common shares issued as part of the units as finance fees. Using a risk-adjusted discounted rate of 12%, the Company calculated and recorded equity portion of the debentures to be $46,580. The Company will amortize the carrying value of the debentures to its full principal amount over the term of the debentures using an effective rate of 12% as an interest expense. Any actual interest payments are to be deducted from the carrying value of the debentures. During the current year ended September 30, 2014, $46,672 (2013: $17,961) accretion expense was amortized on these 418 units of convertible debentures and payments of interest of $33,231 (2013: $8,101) were made. As of September 30, 2014, carrying value of these debentures was at $394,721.

The Company issued secured convertible debentures in the aggregate principal amount of $450,000, which coincided with the Company's reorganization in which the Company wound up its wholly-owned subsidiary, Premier Diagnostic Health Services (Vancouver) Inc. ("Subco") and incorporated a new wholly-owned subsidiary, Premier Diagnostic Center (Vancouver) Inc. ("Newco"). Prior to being wound up, Subco assigned all of its assets and liabilities to the Company, including the Burnaby-based Center for Advanced Diagnostics. The Company and Newco then entered into an asset purchase agreement. The debentures bear interest at a rate of 6%, mature on March 31, 2016 and July 9, 2016, and are convertible on or prior to the maturity date at the holder's option into units of the Company, at $0.05 per unit, each unit consisting of one share purchase warrant and one common share of the Company. Each share purchase warrant will be exercisable for a period of 24 months from the date of issuance of the debentures to purchase an additional share at $0.05. The proceeds were used to pay off outstanding payables and maintain operations. Using a risk-adjusted discounted rate of 12%, the Company calculated and recorded the equity portion of the debentures to be $50,370. The Company will amortize the carrying value of the debentures to its full principal amount over the term of the debentures using an effective rate of 12% as an interest expense. Any actual interest payments are to be deducted from the carrying value of the debentures. During the current year ended September 30, 2014, $18,436 (2013: $Nil) accretion expense was amortized on these secured convertible debentures. As of September 30, 2014, carrying value of these debentures was at $418,066 (See Note 15(ii)).

14. Preferred Shares

During the year ended September 30, 2014, the Company's wholly-owned subsidiary, Premier Diagnostic Center (Vancouver) Inc., closed a $500,000 private placement pursuant to which it issued 500,000 Class A Convertible Preferred Shares at $1.00 per share, of which 475,000 shares were issued for cash of $475,000 and 25,000 shares were issued in settlement of debt of $25,000. These Preferred Shares were issued to insiders of the Company. Each of these Class A Preferred Shares is convertible into twenty common shares of the Company for a period of two years from the date of issuance. Any declared but unpaid dividends on the Class A Preferred Shares will be convertible into common shares of the Company at a conversion price of $0.05 per share (See Note 15(ii)).

15. Events after the Reporting Period

Subsequent to September 30, 2014, the following events occurred:

i) On September 10, 2014, the Company announced a non-brokered private placement offering of common shares of up to 40,000,000 shares at $0.18 per share for aggregate gross proceeds of up to $7,200,000. Management of the Company reserved the right, in its sole discretion and subject to CSE approval, to increase the offering by 25% to up to 50,000,000 shares for aggregate gross proceeds of up to $9,000,000. On October 2, 2014, the Company closed the first tranche of the offering which consisted of 34,108,028 shares for aggregate gross proceeds of $6,139,445, and included 415,000 common shares issued as a debt settlement. The second tranche was closed on October 17, 2014, which consisted of 10,480,361 shares for aggregate gross proceeds of $1,886,465. The total gross proceeds raised under the offering were $8,025,910. After paying the expenses of the offering, the net proceeds will be used for expansion of the Company's medical diagnostic clinics in China and Canada, for general working capital and for investment purposes. During the year ended September 30, 2014, the Company received a total of $5,206,733 in its legal counsel's trust fund as restricted cash and $561,375 from investors with respect to this private placement. Total of $5,768,108 was recorded as investors' deposits as at September 30, 2014.

ii) On October 22, 2014, the Company issued a total of 19,306,885 shares and 9,196,885 share purchase warrants following receipt of conversion notices relating to certain convertible debentures of the Company and convertible preferred shares of the Company's subsidiary, Premier Diagnostic Center (Vancouver) Inc. A total of 19,256,640 shares and 9,196,885 warrants were issued to insiders of the Company. On October 24, 2014, the Company issued a total of 9,196,885 shares following receipt of exercise notices relating to the warrants. All of the shares were issued to insiders of the Company.

iii) On December 16, 2014, the Company completed the acquisition of 3,010,000 common shares of Sequant Re Holdings Limited ("SRHL") at USD$0.50 per common share for total aggregate consideration of USD$1,505,000. This acquisition resulted in the Company holding approximately 33.44% of the issued and outstanding common shares of SRHL. The Company has the right to appoint three directors to the board of SRHL, provided that it holds a minimum of 10% of the issued and outstanding common shares. The Company's nominees, Alnesh Mohan, Sanjeev Parsad and G. Andrew Cooke, were appointed to the board of SRHL as of December 12, 2014. Mr. Mohan is a director of the Company, Mr. Parsad is a director and officer of the Company and Mr. Cooke is a deemed insider of the Company. Mr. Cooke has been appointed to act as Chairman of the Audit and Financial Committee of SRHL and will oversee the financial management of SRHL. Messrs. Parsad and Mohan do not intend to participate in management or daily operations of SRHL. This purchase of the shares of SRHL was for investment purposes.

iv) The Company settled the matter of *Siemens Medical Solutions USA Inc. v. Premier Diagnostics Health Services (Vancouver) Inc. et al.* with Siemens Medical Solutions USA Inc. ("Siemens") and entered into a settlement agreement and release with Siemens dated effective October 30, 2014. A Consent Order from the Supreme Court of British Columbia filed on December 16, 2014 dismissed the whole proceeding (See Note 9).

v) The Company paid one of its directors $93,921 for amounts owing for expenses and unpaid salary dating from 2012 to 2014. The amount paid to the director was in full settlement of all amounts owing to the director. A full and final release was signed by the director on November 17, 2014 (See Note 7(a)).

16. Capital Disclosures

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers the items included in shareholders' equity, debt financing and cash as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. Cash consists of cash at a major Canadian chartered bank and at a major Chinese bank. Cash with a Canadian chartered bank is insured by the Canadian Deposit Insurance Corporation (CDIC). The Company's subsidiary, Premier Diagnostics (Hong Kong) Limited, invested a total of US$200,000 into a wholly foreign owned subsidiary in China.

(Expressed in Canadian Dollars)

17. Income Taxes

A reconciliation of income taxes at the statutory rate with the reported taxes follows:

	2014	2013
Loss for the year prior to income tax	$ 1,550,832	$ 716,024
Income tax recovery at statutory rate of 26% (2013: 26%)	(403,216)	(186,166)
Foreign operations taxed at lower rates	3,142	42,358
Net adjustments for deductible and non-deductible items	226,121	(37,027)
Expected income taxes recovery	(173,953)	(180,835)
Effect of tax rate reductions	-	(59,148)
Current and prior tax attributes not recognized	210,807	239,983
Income taxes	$ 36,854	$ -

Details of deferred tax assets are as follows:

	2014	2013
Non-capital loss carry forwards	$ 2,349,224	$ 2,029,745
Share issuance costs	4,904	41,504
Equipment and other	199,121	271,193
Unrecognized deferred tax assets	(2,553,249)	(2,342,442)
	$ -	$ -

At September 30, 2014, the Canadian operations have non-capital losses carried forward for Canadian income tax purposes totalling approximately $8,972,000, expiring in various periods from 2028 to 2034.

The operation in China has accumulated approximately $Nil non-capital losses. The China subsidiary is a Wholly Foreign Owned Enterprise and is subject to a general tax rate of 25% (2013: $25%). The current income taxes of the China subsidiary expect to be $36,854 (2013 - $Nil)

Premier Diagnostics (Hong Kong) Limited is a Hong Kong company and is subject to a general tax rate of 16.5% (2013: 16.5%). The company has accumulated approximately $100,000 of non-capital losses since its inception.

At September 30, 2014, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

PREMIER DIAGNOSTIC HEALTH SERVICES INC.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED

SEPTEMBER 30, 2013 AND 2012

Index

SUITE 1850
1066 WEST HASTINGS STREET
VANCOUVER, BC, V6E 3X2

T: **604.683.3850**
F: **604.688.8479**

AChan

A CHAN AND COMPANY LLP

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of
Premier Diagnostic Health Services Inc.

We have audited the accompanying consolidated financial statements of Premier Diagnostic Health Services Inc. (the "Company"), which comprise the statements of financial position as at September 30, 2013 and September 30, 2012, and the statements of operations, comprehensive loss and deficit, statements of cash flows and statements of changes in shareholders' equity (deficiency) for the years ended September 30, 2013 and September 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2013 and September 30, 2012, and its financial performance and its cash flows for the years ended September 30, 2013 and September 30, 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"A Chan and Company LLP"
Chartered Accountants

Vancouver, British Columbia

March 24, 2014

PREMIER DIAGNOSTIC HEALTH SERVICES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30, 2013	September 30, 2012
ASSETS		
Current		
Cash & cash equivalents	$ 108,433	$ 18,652
Accounts & HST/GST receivable	80,849	109,851
Prepaid expenses & advances	12,619	9,378
	201,901	**137,881**
Security deposit	**17,015**	**16,695**
Leasehold improvements (Note 5)	**223,526**	**256,609**
Equipment (Note 5 and Note 10(iii))	**1,132,611**	**1,338,371**
Total Assets	**$ 1,575,053**	**$ 1,749,556**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable (Note 7(f))	$ 832,005	$ 902,544
Accrued liabilities (Note 7(f))	185,491	239,278
Investors deposits	35,000	-
Loans payable (Note 7(d) and Note 10(ii))	-	18,000
Shareholders' Loan (Note 7(g))	-	171,455
Convertible debentures (Note 13)	381,280	-
	1,433,776	**1,331,277**
Loans payable (Note 7(g) and Note 10(ii))	**-**	**164,544**
Other long term liability (Note 10 (iii) and Note 11)	**528,446**	**424,794**
Total Liabilities	**1,962,222**	**1,920,615**
Shareholders' equity (deficiency)		
Equity portion of convertible debentures (Note 13)	46,580	-
Surplus	48,142	-
Share capital (Note 6)	13,618,853	13,213,661
Deficit, per statement	(14,100,744)	(13,384,720)
Total Shareholders' Equity (Deficiency)	**(387,169)**	**(171,059)**
Total Liabilities and Shareholders' Equity (Deficiency)	**$ 1,575,053**	**$ 1,749,556**

Incorporation, amalgamation and nature of business (Note 1)

Continuance of operations (Note 2)

Subsequent events (Note 14)

On behalf of the Board:

"Denis Tusar"
Director

"Geoffrey Waters"
Director

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

PREMIER DIAGNOSTIC HEALTH SERVICES INC.

Consolidated Statements of Operations, Comprehensive Loss and Deficit

Year Ended September 30

	2013	2012
Revenue	$ 220,390	$ 219,250
Cost of Goods Sold	153,749	162,888
Gross Margin	**66,641**	**56,362**
Net Revenue from MRI Operation (Note 10(iii) and Note 11)	**632,122**	**476,456**
Total Revenue	**698,763**	**532,818**
Other Operating Costs		
Amortization	200,603	226,947
Advertising & promotion	6,712	23,771
Premises	95,258	109,138
Repair & maintenance	42,522	-
Salaries, benefits and consulting	122,216	145,086
Other	66,993	106,050
Total Other Operating Costs	**534,304**	**610,992**
Net Operating Income /(Loss)	**164,459**	**(78,174)**
Corporate Expenses		
Amortization	37,626	39,817
Amortization of interest on convertible debentures	17,961	-
Consulting (Note 7(a) & (b))	217,958	119,811
Finance expenses on convertible debentures	62,625	-
Insurance	65,227	63,435
Interest on deferred liability	-	6,312
License fee & royalty payments (Note 7(d))	-	50,000
Professional fees (Note 7(e))	149,022	41,687
Rent	109,996	124,187
Salaries, wages & benefits (Note 7(c))	124,602	238,464
Travel	96,632	42,797
Misc Others	129,055	106,134
Total Corporate Expenses	**1,010,704**	**832,644**
Loss before other items	**(846,245)**	**(910,818)**
Other items		
Interest income	(41)	(107)
Gain on settlement of debt	(473,894)	-
Loss on fair value of other long term liability	293,363	138,336
Foreign exchange (gain) / loss	2,209	10,305
Shares based payments	48,142	-
Loss and comprehensive loss for the year	**(716,024)**	**(1,059,352)**
Deficit, beginning of year	(13,384,720)	(12,325,368)
Deficit, end of year	**$ (14,100,744)**	**$ (13,384,720)**
Basic and diluted loss per common share	$ (0.02)	$ (0.03)
Weighted average number of shares outstanding	**44,726,416**	**38,456,384**

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

PREMIER DIAGNOSTIC HEALTH SERVICES INC.
Consolidated Statements of Cash Flows
Year Ended September 30

		2013		2012
Cash flows provided by (used in)				
Operating activities				
Loss and comprehensive loss for the year	$	(716,024)	$	(1,059,352)
Item not affecting cash:				
Amortization of equipment		238,229		266,764
Amortization of interest on convertible debentures		17,961		-
Amortization of prepaid expenses		9,378		6,108
Finance expenses on convertible debentures		62,620		-
Reclassification of office & rental expenses		294		-
Shares based payments		48,142		-
Gain on settlement of debts		(473,894)		-
Loss on fair value of other long term liability		293,363		138,336
Net revenue distributed to pay down interest on deferred liability		(189,711)		(142,937)
Amortization of interest on deferred liability		-		6,312
Changes in non-cash working capital items:				
Decrease (Increase) in accounts & HST/GST receivable		29,002		(13,864)
Decrease (Increase) in prepaid expenses		(12,619)		-
Increase (Decrease) in accounts payable and accrued liabilities		231,490		142,422
Cash used in operating activities		(461,768)		(656,211)
Investing activities				
Purchase of equipment		-		(557)
Cash used in investing activities		-		(557)
Financing activities				
Loans payable		-		20,499
Loan payable to shareholder		-		146,455
Convertible debentures, net of finance fees & interest payments		368,539		-
Investors deposits		35,000		-
Proceeds from issuance of common shares, net of finder's fee (2013 - $19,990; 2012 - $41,008)		148,010		344,595
Cash provided by financing activities		551,549		511,549
Change in cash & cash equivalents during the year		89,781		(145,219)
Cash & cash equivalents, beginning of year		18,652		163,871
Cash & cash equivalents, end of year	$	108,433	$	18,652
Supplemental cash flow information				
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-
Accrual of leasehold improvements	$	-	$	22,497
Issuance of shares for consulting services provided (Note 6(b)(viii) & Note 6(a)(iv))	$	50,000	$	15,000
Issuance of shares to settle debts (Note 6(b)(v), 6(vi) & 6(vii))	$	659,815	$	-
Deferred liability on MRI equipment (Note 11)	$	-	$	422,606

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

PREMIER DIAGNOSTIC HEALTH SERVICES INC.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

	Share Capital						
	Number	**Amount**	**Equity portion of Convertible debentures**	**Reserves**	**Accumulated other comprehensive income**	**Deficit**	**Total**
Balance at October 1, 2011	**36,493,277**	**$ 12,869,066**	**-**	**-**	**-**	**$ (12,325,368)**	**$ 543,698**
Issued for:							
Shares issued for cash (Note 6(a)(i) to Note 6(a)(iii))	5,693,376	370,603	-	-	-	-	370,603
Finder's fee paid in cash (Note 6(a)(iv))	-	(41,008)	-	-	-	-	(41,008)
Shares issued for services provided (Note 6(a)(iv))	250,000	15,000	-	-	-	-	15,000
Loss for the year	-	-	-	-	-	(1,059,352)	(1,059,352)
Balance at September 30, 2012	**42,436,653**	**$ 13,213,661**	**-**	**-**	**-**	**($13,384,720)**	**($171,059)**
Issued for:							
Shares issued for cash (Note 6(b)(i))	600,000	60,000	-	-	-	-	60,000
Finder's fee paid in cash	-	(19,990)	-	-	-	-	(19,990)
Shares issued for services provided (Note 6(b)(viii))	1,000,000	50,000	-	-	-	-	50,000
Exercise of warrants (Note 6(b)(iii) & Note 6(b)(iv))	1,060,000	108,000	-	-	-	-	108,000
Settlement of debts (Note 6(b)(v) – Note 6(b)(vii))	6,805,325	185,922	-	-	-	-	185,922
Bonus shares for convertible Debentures (Note 6(ix))	418,000	21,260	-	-	-	-	21,260
Shares based payments (Note 6(d))	-	-	-	48,142	-	-	48,142
Equity portion of convertible Debentures (Note 13)			46,580		-	-	46,580
Loss for the year	-	-	-	-	-	(716,024)	(716,024)
Balance at September 30, 2013	**52,319,978**	**13,618,853**	**46,580**	**48,142**	**-**	**(14,100,744)**	**(387,169)**

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

1. INCORPORATION, AMALGAMATION AND NATURE OF BUSINESS

Premier Diagnostic Health Services Inc., (the "Company"), was formed by a Certificate of Amalgamation pursuant to the Business Corporations Act (British Columbia) on July 16, 2010, as the result of an amalgamation between Premier Diagnostic Health Services Inc., which was incorporated under the Business Corporations Act (British Columbia) on September 22, 2006 ("Old PDH"), and Golden Hat Resources Inc. ("Golden Hat"), a company originally incorporated under the Company Act RSBC 1979, as amended, on January 14, 1982 under the name "Banex Resources Corporation" (the "Amalgamation"). The Company's office is located at Suite 301, 3185 Willingdon Green, Burnaby, BC V5G.

The principal business of the Company is the establishment of Diagnostic Imaging Centers in Canada and China, together with an integrated support services infrastructure, utilizing of PET (Positron Emission Technology) and/or MRI (Magnetic Resonance Imaging) technology, and the establishment of facilities for the commercial production of Health Canada-approved CanTrace FDG (fluorodeoxyglucose), the radiopharmaceutical used in PET scanning, for use and sale. Activities to-date have been the development and operation of a PET-CT diagnostic scanning centre in Burnaby, BC and the establishment of an MRI diagnostic scanning facility under a cooperative venture between the Company's China subsidiary and the Military Police Hospital No. 3 in Beijing, as well as the raising of capital, the identification and evaluation of potential additional locations for facilities, and advancing plans and regulatory approval for commencement of development of these other facilities.

2. CONTINUANCE OF OPERATIONS

These consolidated financial statements have been prepared in accordance with IFRS that apply to a going concern. This presupposes that the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations. As at September 30, 2013, the Company had not yet achieved profitable operations, had accumulated losses of $14,100,744 (2012 - $13,384,720) after consolidation of the loss of the amalgamated Golden Hat, had a working capital deficit of $1,231,874 (2012 - $1,193,396), which may not be sufficient to sustain operations over the foreseeable future, and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management has raised capital through various private placements, and exercised of various warrants, and will continue to do so through future private placements and public offerings in addition to conducting revenue generating operations. The eventual outcome of these efforts cannot be predicted at this time. If the Company is unable to make its operations profitable, or obtain adequate additional financing, management may be required to curtail some of the Company's operations or altogether. These consolidated financial statements do not contain any adjustments to the amounts and classifications of assets and liabilities, which might be necessary should the Company be unable to continue in business.

2. CONTINUANCE OF OPERATIONS (continued)

	September 30, 2013	September 30, 2012
Deficit	**($14,100,744)**	**($13,384,720)**
Working capital (deficiency)	**($1,231,874)**	**($1,193,396)**

3. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements are authorized for issuance by the board of directors on March 24, 2014.

Basis of Consolidation and Presentation

These consolidated financial statements have been prepared on an accrual basis and are based on historical cost basis, except for financial instruments which are measured at fair value. All dollar amounts presented are in Canadian dollars, the functional currency of the Company, unless otherwise specified.

These consolidated financial statements include the accounts of the Company and its 100% interest in IPET Pharmaceuticals Montreal Inc., an inactive company; the accounts of its 100% interest in Premier Diagnostic Health Services (Vancouver) Inc.; 100% of the consolidated accounts of Petscan International (Hong Kong) Limited and a 100% owned subsidiary in China.

Significant accounting judgments and estimates

The preparation of these consolidated 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 period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

3. BASIS OF PREPARATION (continued)

Significant accounting judgments and estimates (continued)

Depreciation rates

The application of determining the useful lives of equipment are estimates by management based on assumptions about future events. Estimates and assumption made may change if new information becomes available. New information may become available during the use of the equipment that causes the Company to adjust its estimate.

Impairment

The Company assesses its property and equipment for impairment by comparing the carrying amount to the recoverable amount of the underlying assets. The impairment test is performed at the cash generating unit ("CGU") for development and production assets. The determination of the recoverable amount involves estimating the asset's fair value less costs to sell or its value-in use, which is based on its discounted future cash flows using an applicable discount rate. Future cash flows are calculated based on management's best estimate of future revenue and inflation and are discounted based on management's current assessment of market conditions.

Provisions

The Company recognizes a provision for present obligations (legal or constructive) in the consolidated financial statements equal to the net present value of the estimated future payments required to settle the estimated obligations at the statement of financial position date. The measurement of the provisions involves the use of estimates and assumptions including the discount rate, the expected timing of future payments and the amount of future payments. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Fair value calculation of share-based payments

The fair value of share-based payments is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the future forfeiture rate, expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management’s best estimates based on historical information and future forecasts.

Taxation

The calculation of deferred income taxes is based on a number of assumptions including estimating the future periods in which temporary differences, tax losses and other tax credits will reverse, the use of substantively enacted tax rates at the reporting date and the likelihood of deferred tax assets being realized.

3. BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF IFRS (continued)

Significant accounting judgments and estimates (continued)

Cash generating units

The determination of the Company's CGU's impacts the measurement of impairment that is recognized in the consolidated financial statements. The determination of CGU’s requires judgement in defining smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGU’s are determined by similar market locations, shared infrastructure, geographical proximity, type of services provided, similar exposure to political risk, market risk and materiality.

Valuation of accounts receivable

The valuation of accounts receivable is based on management’s best estimate of collectability and the provision for doubtful accounts.

Contingencies

Contingencies are resolved only when one or more events transpire. As a result, the assessment of contingencies inherently involves estimating the outcome of future events.

4. SIGNIFICANT ACCOUNTING POLICIES

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 and each of its subsidiaries 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.

Cash & cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at September 30, 2013 and September 30, 2012, the Company did not have cash equivalents.

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.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial instruments (continued)

Financial assets (continued)

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.

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 profit or loss.

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

Financial liabilities

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

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

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method.

Amortization

Equipment is carried at cost less accumulated amortization. Amortization is calculated using the method at the following annual rates:

Computer equipment	45% declining balance
Diagnostic equipment	30% declining balance
Furniture & fixtures	30% declining balance
Vehicle	30% declining balance
MRI equipment	straight line over term of cooperative venture agreement

Leasehold improvements are carried at cost less accumulated amortization. Cost is amortized over the term of lease agreement on a straight line basis. In the year of acquisition, equipment and leasehold improvements are amortized at one-half the annual rate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible 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 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For diluted loss per share, the dilutive effect has not been presented separately as it proved to be anti-dilutive. Loss per share is calculated using the weighted average number of shares.

Share-based payments

The Company's share option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 regards 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 nor 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 balance sheet date.

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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Revenue recognition

Revenue from scanning fees is recognized as services are performed and is billed pursuant to agreed terms. Collection is generally made upon completion of such services.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholders' equity

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Comprehensive income (loss) (continued)

as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

Future changes in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after January 1, 2013 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the summary below. The company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

IFRS 9, Financial Instruments, replaces the current standard IAS 39, Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interests in other entities.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRSs. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

In addition, there have been amendments to existing standards, including IAS 27 and IAS 28. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

5. EQUIPMENT, LEASEHOLD IMPROVEMENTS

	September 30, 2013		
Equipment	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 16,471	$ 14,804	$ 1,667
Diagnostic equipment (See Note 10(v))	482,890	345,914	136,976
MRI equipment	1,404,534	421,360	983,174
Furniture and fixtures	36,341	25,547	10,794
	$ 1,940,236	$ 807,625	$ 1,132,611
Leasehold improvements	$ 341,863	$ 118,337	$ 223,526

	September 30, 2012		
Equipment	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 17,589	$ 13,944	$ 3,645
Diagnostic equipment (See Note 10(v))	482,890	287,210	195,680
MRI equipment	1,404,534	280,907	1,123,627
Furniture and fixtures	36,341	20,922	15,419
	$ 1,941,354	$ 602,983	$ 1,338,371
Leasehold improvements	$ 341,863	$ 85,254	$ 256,609

6. SHARE CAPITAL

	Number of Shares		Amount
Authorized:			
Unlimited number of common shares without par value.			
Issued common shares:			
Balance at September 30, 2011	36,493,277	$	12,869,066
Company shares issued at $0.06 per share for cash (Note 6 (a)(i))	4,643,376		278,603
Company shares issued at $0.08 per share for cash (Note 6 (a)(ii))	650,000		52,000
Company shares issued at $0.10 per share for cash (Note 6 (a)(iii))	400,000		40,000
Company shares issued at $0.06 per share for consulting service (Note 6 (c)(iv))	250,000		15,000
Finder's fee paid in cash			(41,008)
Balance at September 30, 2012	42,436,653	$	13,213,661
Company shares issued at $0.10 per share for cash (Note 6 (b)(i))	450,000		45,000
Company shares issued at $0.10 per share for cash (Note 6 (b)(ii))	150,000		15,000
Exercise of warrants at $0.10 per share for cash (Note 6(b)(iii))	960,000		96,000
Exercise of warrants at $0.10 per share for cash (Note 6(b)(iv))	100,000		12,000
Settlement of debts at fair value of $0.02 per share (Note 6(b)(v))	4,461,965		89,239
Settlement of debts at fair value of $0.04 per share (Note 6(b)(vi))	1,825,443		73,018
Settlement of debts at fair value of $0.065 per share (Note 6(b)(vii))	517,917		33,665
Settlement of services at fair value of $0.04 per share (Note 6(b)(viii))	1,000,000		40,000
Bonus shares issued on at fair value of $0.05 - $0.07 per share (Note 6(b)(ix)	418,000		21,260
Finder's fee paid in cash	-		(19,990)
Balance at September 30, 2013	52,319,978	$	13,618,853

(a) (i) In accordance with a Term Sheet dated March 23, 2012, the Company issued 4,643,376 Units at $0.06 per Unit for gross proceeds of $278,603, each unit consisting of one common share and one share purchase warrant exercisable at $0.10 for every 2 warrants redeemed and expiring on September 30, 2013.

(ii) In accordance with a Term Sheet dated May 31, 2012, the Company issued 650,000 Units at $0.08 per Unit for gross proceeds of $52,000, each unit consisting of one common share and one share purchase warrant exercisable at $0.12 for every 2 warrants redeemed and expiring on September 30, 2013.

(iii) In accordance with a Term Sheet dated July 27, 2012, the Company issued 400,000 Units at $0.10 per Unit for gross proceeds of $40,000, each unit consisting of one common share and one share purchase warrant exercisable at $0.15 for every 2 warrants redeemed and expiring on September 30, 2013.

(iv) On July 12, 2012, the company issued 250,000 units to a consulting firm for services rendered at a fair value of $0.06 per share.

(b) (i) In accordance with a Term Sheet dated July 27, 2012, the Company issued 450,000 Units at $0.10 per Unit for gross proceeds of $45,000, each unit consisting of one common share and one share purchase warrant exercisable at $0.15 for every 2 warrants redeemed and expiring on September 30, 2013.

(ii) In accordance with a Term Sheet dated November 29, 2012, the Company issued 75,000 Units at $0.20 per Unit for gross proceeds of $15,000, each unit consisting of two common shares and one share purchase warrant exercisable at $0.15 for every warrant redeemed plus one bonus share for each warrant exercised and expiring on June 30, 2013.

6. SHARE CAPITAL (continued)

(b)
(iii) 960,000 warrants were exercised at $0.10 per share for gross proceeds of $96,000.

(iv) 100,000 warrants were exercised at $0.12 per share for gross proceeds of $12,000.

(v) 4,461,965 commons shares were issued to settle total related parties debts and shareholders loans of $446,196 at a fair value of $0.02 per share. Gain on settlement of these debts of $356,957 was resulted.

(vi) 1,825,443 common shares were issued to settle total debt of $182,544 owing to IPET Pharma, a company related by a common director, at a fair value of $0.04 per share. Gain on settlement of this debt of $109,527 was resulted.

(vii) 517,917 common shares were issued to settle total debt of $31,075 owing to a former director of the Company at a fair value of $0.065 per share. Loss on settlement of this debt of $2,590 was resulted.

(viii) 1,000,000 common shares were issued to a company controlled by a director of the Company to settle services of $50,000 at a fair value of $0.04 per share (See Note 7(e)). Gain on settlement of this debt of $10,000 was resulted.

(ix) As part of the convertible debenture unit subscriptions, each unit consists of one $1,000 unsecured convertible debentures and 1,000 bonus common shares of the Company. A total of 418 units were subscribed and 418,000 bonus shares at fair values between $0.05 to $0.07 per share were issued.

(c) Escrowed shares

Pursuant to an escrow agreement entered into prior to the Amalgamation, 11 shareholders holding in the aggregate 12,690,362 shares placed all these shares in escrow subject to a hold period of 36 months from the effective date of the Amalgamation. 10% of these escrowed shares were released from escrow on the date that the Company's common shares were listed on the CNSX and 15% of the balance is to be released every six months thereafter. As at September 30, 2013, 1,843,024 (2012 - 5,529,076) shares were still in escrow.

(d) Options

The shareholders of the Company, and the Canadian National Stock Exchange (CNSX), approved an incentive stock option plan in July 2010, the terms of which were consistent with the regulatory requirements of both the TSX Venture Exchange and CNSX. Pursuant to this stock option plan, the Company's board of directors may grant up to 10% of the aggregate number of Company shares issued and outstanding at the date of the grant.

As at September 30, 2013, the Company had compensation and stock options granted and fully vested as following:

6. SHARE CAPITAL (continued)

(d) Options (continued)

Number of Options Granted	Number of Options Fully Vested	Exercise Price per Share	Expiry Date
3,250,000	650,000	$0.05	May 10, 2018

A summary of the status of the Company's stock options as at September 30, 2013 and changes during the year is presented below:

	Options Outstanding	Weighted Average Exercise Price
Balance September 30, 2012	-	-
Granted	3,250,000	$0.05
Balance September 30, 2013	3,250,000	$0.05

On May 10th, 2013, the Company granted 2,950,000 stock options to eight officer, directors and employees and 300,000 stock options to an external consultant, all exercisable at $0.05 per share until May 10th, 2018. 20% of these options were vested immediately and 20% every year thereafter. The fair value of these stock options accrued and charged to operation and reserves in current period of 2013 as share-based compensation payments is determined to be $48,142 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rates of 1.04% to 1.38%, expected life term from 1 year to 5 years, forfeiture rate of 0%, expected volatility rate of 278% and a dividend rate of 0%.

(e) Warrants

(i) During the year ended September 30, 2011, 1,075,000 warrants were issued with an exercise price of $0.30 per share, expiring on July 31, 2011, 1,075,000 additional warrants were issued with an exercise price of $0.40 per share expiring on December 31, 2011, and 2,625,000 warrants were issued with an exercise price of $0.10 expiring September 30, 2013. All of these warrants were expired during the year ended September 30, 2013.

(ii) During the year ended September 30, 2012, 4,643,376 warrants were issued with an exercise price of $0.10 per share, expiring on September 30, 2013, 650,000 additional warrants were issued with an exercise price of $0.12 per share expiring on September 30, 2013, and 400,000 warrants were issued with an exercise price of $0.15 expiring September 30, 2013 (see from Note 6 (a)(i) to Note 6(a)(iii)). During the year ended September 30, 2013, 960,000 of these warrants were exercised at $0.10 per share and 100,000 of these warrants were exercised at $0.12 per share. Remaining warrants were all expired.

(iii) During the year ended September 30, 2013, 450,000 warrants were issued with an exercise price of $0.10 per share, expiring on September 30, 2013, 75,000 additional warrants were issued with an exercise price of $0.15 per share expiring on June 30, 2013 (see from Note 6 (b)(i) to Note 6(b)(ii)). All of these warrants were expired.

6. SHARE CAPITAL (continued)

(e) Share purchase warrants outstanding (continued)

	Number of Warrants	Exercise Price
Balance, September 30, 2011	2,625,000	$0.10
Issued	4,643,376	$0.10
Issued	650,000	$0.12
Issued	400,000	$0.15
	7,268,376	$0.10
Balance, September 30, 2012	650,000	$0.12
	400,000	$0.15
Issued	450,000	$0.10
Issued	75,000	$0.15
Exercised	(960,000)	$0.10
Exercised	(100,000)	$0.12
Expired	(7,783,376)	
Balance, September 30, 2013	-	-

7. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2013, the following related party transactions occurred:

(a) Consulting fees of $96,000 (2012: $93,000) were accrued to one director. Travelling allowances of $56,400 (2012 - $Nil) were also paid to this director.

(b) Consulting fees totaling $60,000 (2012: $90,000) were accrued and paid to i) one director; ii) a business controlled by a former director. An expense advance of $12,619 was also made to this one director.

(c) Salary & benefits of $50,750 (2012 - $Nil) was paid to an officer of the Company.

(d) License and royalty fees of $Nil (2012: $50,000), owing pursuant to a Technology License Agreement with an effective date of September 30, 2006 (Note 10(ii)), were accrued for payment to International P.E.T. Pharma Inc. ("IPET Pharma"), a company related by common control and common directors. As at September 30, 2012, the Company owed IPET Pharma $182,544 in relation to these fees accrued since 2006, net of payments made. During 2013, the Company settled this debt of $182,544 by issuing 1,825,443 common shares of the Company (See Note 6(b)(vi)) and terminated the Technology License Agreement with IPET Pharma.

(e) Professional fees of $101,919 were incurred to a law firm whose principal is a director of the Company and consulting fees of $50,000 incurred to a company controlled by this same director.

(f) As at September 30, 2013, accounts payable and accrued liabilities includes $229,262 (2012: $342,328) due to directors, ex-directors, companies or businesses controlled by directors and companies related by common control and common directors.

All related party transactions from Note 7(a) to Note 7(f) are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

7. RELATED PARTY TRANSACTIONS (continued)

(g) During the year ended September 30, 2012, two directors and one shareholder advanced $146,455 to the Company, bringing the total balance owed to the three individuals to $171,455. During the year ended September 30, 2013, the Company settled these shareholder and directors' loans and advances by issuing 1,714,549 common shares to these parties. The Company also issued additional 4,265,333 common shares to settled accounts payable and debts of $355,816 owing to current directors and former directors of the Company. (See Note 6(b)(v)(vii) & (viii)).

(h) The Company has entered into a Technology License Agreement ("the Agreement") with IPET Pharmaceuticals Inc. ("IPET Pharma"), a company related by common directors and common control, with an effective date of September 30, 2006 (See Note 10(ii)). The Company terminated this Agreement during the year ended September 30, 2013.

8. FINANCIAL INSTRUMENTS

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, accounts receivable, loans receivable/payable, investors deposit, accounts payable and accrued liabilities, deferred liability, other long term liability and loan receivable/payable to shareholders.

Financial Instrument	Classification
Cash and cash equivalents	FVTPL (Level 1)
Accounts receivable	Loans and receivable
Accounts payable & accrued liabilities, loan payable & shareholders' loan	Other liabilities
Deferred liability	Other liabilities
Other long term liability	FVTPL (Level 3)

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that 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 (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of cash and cash equivalents, accounts receivable and accounts payable & accrued liabilities approximate their book values because of the short-term nature of these instruments.

Loan receivable/payable to shareholder and loans receivable/payable are related party transactions and are carried at cost. Due to uncertainty of amounts to be repaid and timing of repayments, deferred liability is carried at carrying value which approximates its amortized cost.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk is the loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to liquid investments in bankers' acceptance and term deposits with a local Chinese bank, and loan receivable from a related company. Management believes that the credit risk concentration with respect to financial instruments above is remote.

8. FINANCIAL INSTRUMENTS (continued)

Financial Instrument Risk Exposure

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2013, the Company had a working deficiency of $1,231,874 (September 30, 2012: deficiency of $1,193,396). Included in cash balances are funds invested in China which are subject to liquidity risk as any funds to be withdrawn from the entity will be subject to various approvals. The Company will continue to raise additional capital through future private placements and public offerings.

Market Risk

The significant market risks exposure to which the Company is exposed are foreign currency risk and interest rate risk. The Company has a significant interest in a Company in China. All funds maintained by the entity are subject to foreign currency fluctuation and the bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rate fluctuations.

9. CONTINGENCY

In September 2009, Siemens Medical Solutions USA Inc. ("Siemens") commenced a claim against Premier Diagnostic Health Services (Vancouver) Inc. ("Premier Vancouver"), a wholly owned subsidiary of the Company, and IPET Pharmaceuticals Inc. ("IPET Pharma"). Siemens subsequently joined the Company as a Defendant. Siemens alleges that IPET Pharma transferred, sold or conveyed assets to the Company or Premier Vancouver in a manner that constituted a fraudulent conveyance. In the action Siemens seeks relief against the Company, Premier Vancouver, IPET Pharma, IPET Pharmaceuticals (Montreal) Ltd. and PETSCAN International (Hong Kong) Limited. The Company is of the view that fair value of the conveyed assets was paid and, documents were exchanged between the parties in early 2013 and examination for discovery was conducted in July of 2013. As the action remains in preliminary stages, the Company's legal counsel is not able to provide an opinion as to the Company's exposure on the claim and no provision for possible loss has been included in these consolidated financial statements. Any settlement will be reflected as a charge to operations in the year occurred.

10. COMMITMENTS

i) Lease commitments

On July 31, 2009, the Company entered into a lease agreement to lease a premise located on 3rd floor of 3185 Willingdon Green, Burnaby, BC for 124 months plus one day commencing on December 31, 2009 and expiring on April 30, 2020. The rentable area is approximately 6,119 square feet and is being utilized by the Company for a diagnostic clinic and the Company's administrative head office.

The basic rent is:

- $20 per square foot per annum in months 1 to 60; and

- $22 per square foot per annum in months 61 to 124.

The Company is also responsible for the rent of 18 parking stalls and its proportionate share of all real estate taxes, operating costs and utilities on a monthly basis, which are estimated to be at $13.66 per square foot of rentable area for the 2014 fiscal year of the building.

10. COMMITMENTS (continued)

ii) Technology agreement commitments

The Company has entered into a Technology License Agreement ("the Agreement") with IPET Pharmaceuticals Inc. ("IPET Pharma"), a company related by common directors and common control, with an effective date of September 30, 2006. The Agreement grants to the Company a royalty-bearing, exclusive License of the Licensed Product, CanTrace FDG, to manufacture, have manufactured, use, sell and otherwise commercialize and exploit the Licensed Product within Canada for use in the field of Oncology. The Company has the right to grant a sublicense to other affiliated parties provided these parties agree to be bound by this same Agreement.

The term of this Agreement is for a period of 10 years from September 30, 2006. IPET Pharma has, any time after September 30, 2009 the right to terminate the Agreement with respect to any provinces in Canada if the Company has not commercialized the Product in such province. The Company has not achieved commercialization.

In consideration, the Company agreed to pay IPET Pharma a License fee of $10,000 upon execution of the Agreement and an annual License renewal fee of $10,000 on each anniversary of the effective date. The Company further agreed to make a running royalty payment equal to 7.5% of sales revenues calculated with respect to each quarter of each year of the term of the license provided that the royalty payment for each quarter will not be less than $10,000. IPET Pharma has agreed to defer the payment of the accrued debt related to this obligation as a loan to a date later than September 30, 2012 provided the Company makes monthly payments of not less than $1,500 with respect to the obligation. This loan is non-interest bearing and the current portion for next 12 months amounts to $18,000. During the year ended September 30, 2013, the Company settled this loan of $182,544 by issuing 1,825,443 common shares of the Company and terminated this Agreement with IPET Pharma.

iii) Revenue Sharing Agreement

With respect to the Company-owned facility in China, on March 12, 2010 an agreement was executed between Beijing Premier International Medical Equipment Technology Services Corporation Limited ("Premier Beijing"), the wholly-owned subsidiary of the Company’s subsidiary, Petscan International (Hong Kong) Ltd. ("Petscan HK"), and People’s Republic of China Military Police Beijing Head Precinct Hospital No. 3 (the "Hospital") to equip and operate a magnetic resonance imaging ("MRI") diagnostic clinic under a cooperative joint venture ("JV"). Pursuant to this agreement, Premier Beijing is responsible for the design of the clinic and the purchase and installation of an MRI scanner which is to be jointly operated under the direction of the Hospital’s staff. Under the terms of the JV, as subsequently amended, Premier Beijing will receive monthly a share of the clinic’s operating revenue, net of certain specified items, initially on the basis of 77% of revenue and reducing to 50%. On the termination of the contract in 10 years, the Hospital will have the right to purchase for a nominal price the MRI equipment, now owned by Premier Beijing and recorded in the consolidated financial statements at 100% of the purchase.

As consideration for the financing of 30% of the purchase price of that MRI equipment provided by Amtex Healthcare Inc. ("Amtex"), Amtex, pursuant to a cooperation agreement finalized on November 16, 2011, will receive 30% of those net proceeds from the MRI facility operations periodically distributed by the Hospital to Premier.

10. COMMITMENTS (continued)

iii) Revenue Sharing Agreement (continued)

The 30% profit sharing by Amtex is considered as a derivative liability such that actual payments made by the Company to Amtex in the future depends on future profits shared by the Company with the Hospital. As a result, this is a financial liability that should be measured annually at fair value through profit or loss. The fair value is calculated based on a 12% imputed rate to discount future cash flows in the contract periods.

iv) General Security Agreement on Equipment

On December 1, 2010 the Company granted a General Security Agreement ("GSA") in favour of Tandem Builders Ltd. ("Tandem") with respect to the PET-CT scanner and all equipment used in conjunction with it in the Company's premises located at #301 – 3185 Willingdon Green in support of an agreement to pay $234,457 of outstanding debt related to labour and materials provided by Tandem to improve those premises. As of September 30, 2013, the balance of the debt is $Nil (2012 - $22,497) and the GSA has been discharged.

11. DEFERRED LIABILITY AND LONG TERM LIABILITY

The cooperative joint venture agreement originally entered into by the Company and Amtex Healthcare Inc. ("Amtex") with respect to the provision of an MRI scanner to People's Republic of China Military Police Beijing Head Precinct Hospital No. 3 (the "Hospital") indicated that Amtex provided 30% of the financing while the Company paid for 70% of the purchase price (See Note 10(iv)). In return, Amtex would share in 30% of the net profit distributed from the Hospital through some legal structure. The final agreement with Amtex however was not finalized until November of 2011. The Company originally recorded 70% of the MRI equipment price as the cost of equipment in 2010. However, since the agreement was entered into in 2010 with 100% of full MRI equipment price, management determined that it should have recorded 100% of the full price and restated the cost of equipment in 2010. This would then result in recording a deferred liability consisting of the 30% financing provided by Amtex. By entering into this agreement, Amtex agreed to provide this financing and in return would share the Company's net profit distributed from the Hospital within the term of the cooperative agreement. The Company is no longer legally liable to repay Amtex this amount of 30% financing in the future. However, 100% of the contract price is the price the Company would have paid if it was able to finance the purchase itself. As a result, 100% of the contract price would determine the fair value of the equipment purchased at the time of acquisition.

The recording of the cost of the MRI equipment at 100% of the contract price has resulted in recording a deferred liability equal to 30% of the contract price. At initial recognition, the contract price determines the fair value of this deferred liability and it should be measured at amortized cost subsequently. The Company determines that 12% is the appropriate imputed interest rate in calculating the amortized interest expense recognized on this deferred liability. Any net profit distributed to Amtex from the Hospital should then be considered as an offset first against the imputed interest and then against the deferred liability. After finalizing the profit sharing agreement with Amtex (See Note 10(iv)), the Company was considered entering into a derivative agreement such that total amounts payable to Amtex over remaining years of JV operation would then depend on future cash flows received by the Company from the MRI operation. The deferred liability, at the time when the profit sharing agreement commenced, should then be revalued based on discounted future expected cash flows payable to Amtex. As a derivative financial liability, this long term liability should be measured annually through profit and loss.

12. SEGMENTED INFORMATION

The Company's business is considered as operating in one segment, operating Diagnostic Imaging Centers. The geographical division of the Company's total assets as of September 30, 2013, September 30, 2012 are as follows:

Assets		September 30, 2013		September 30, 2012
Canada	$	564,616	$	605,148
China		1,010,437		1,144,408
Total	$	1,575,053	$	1,749,556

13. CONVERTIBLE DEBENTURES

During the year ended September 30, 2013, the Company closed 418 units of offering for gross proceeds of $418,000 consists of convertible debentures which will mature on July 31, 2016 (if not otherwise converted) and bear interest at a rate of 8% per annum payable on July 31 and December 31 each year during the Term or the earlier of conversion or maturity. The debentures are convertible into common shares of the Company at any time prior to maturity, in whole or in part, at the option of the holder, at a conversion rate of $0.18 per share. The Company will have the right, on 30 days' notice, to redeem all or any portion of the principal plus accrued Interest due on the debentures. Holders have the right to convert during the 30 day notice period. Each unit of offering consists of $1,000 unsecured convertible debentures and 1,000 common share of the Company as bonus feature.

The Company was default in making the interest payments on the debenture when due on December 31, 2013 and the entire convertible debentures was in default. The Company is currently in negotiation with the debenture holders to delay making the December 31, 2013 interest payments until further time.

The Company recorded the bonus feature of issuing additional common shares on the debentures as finance fees. Using a risk-adjusted discounted rate of 12%, the Company calculated and recorded equity portion of the debentures to be $48,580. The Company will amortize the carrying value of the debentures to its full principal amount over the term of the debentures using an effective rate of 12% as an interest expense. Any actual interest payments are to be deducted from the carrying value of the debentures.

14. SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2013:

i) 200,000 stock options issued to a former director expired.

ii) In the period from October 1st, 2013 to March 24th, 2014, the Company issued 15,000 common shares at $0.10 per share through a debt settlement agreement

14. SUBSEQUENT EVENTS (continued)

iii) On January 10, 2014, the Company entered into a Security Agreement with Robertson Neil LLP ("RNLLP") granting to RNLLP a security interest in 2,500,000 Common Shares in the capital stock of Premier Diagnostic (Hong Kong) Limited (formerly Petscan International (Hong Kong) Limited, a wholly owned subsidiary of the Company) to secure obligations owing by the Company to RNLLP for unpaid legal fees and disbursements. The Security Agreement was registered under the Personal Property Security Act (BC) on January 22, 2014. Ian Robertson, a Director of the Company, is a partner of RNLLP.

iv) On January 10, 2014, the Company entered into a Security Agreement with Denis Tusar granting to Mr. Tusar a security interest in 2,500,000 Common Shares in the capital stock of Premier Diagnostic (Hong Kong) Limited (formerly Petscan International (Hong Kong) Limited, a wholly owned subsidiary of the Company) to secure obligations owing by the Company to Mr. Tusar for unpaid salary and expenses. The Security Agreement was registered under the Personal Property Security Act (BC) on January 22, 2014. Mr. Tusar is a Director of the Company.

15. CAPITAL DISCLOSURES

The Company’s objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers the items included in shareholders’ equity, debt financing and cash as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. Cash consists of cash at a major Canadian chartered bank and at a major Chinese bank. Cash with a Canadian chartered bank is insured by the Canadian Deposit Insurance Corporation (CDIC). The Company’s subsidiary, Petscan International (Hong Kong) Limited, invested a total of US$200,000 into a wholly foreign owned subsidiary in China.

16. INCOME TAXES

A reconciliation of income taxes at the statutory rate with the reported taxes follows:

	2013	2012
Loss for the year	$ 716,024	$ 1,059,352
Income tax recovery at statutory rate of 26% (2012: 25%)	(186,166)	(264,838)
Foreign operations taxed at lower rates	42,358	24,258
Net adjustments for deductible and non-deductible items	(37,027)	(8,837)
Expected income taxes recovery	(180,835)	(249,417)
Effect of tax rate reductions	(59,148)	16,875
Current and prior tax attributes not recognized	239,983	232,542
Deferred income taxes recovery	$ -	$ -

16. INCOME TAXES (continued)

Details of deferred tax assets are as follows:

		2013		2012
Non-capital loss carry forwards	$	2,029,745	$	1,776,870
Share issuance costs		41,504		81,000
Equipment and other		271,193		244,589
Unrecognized deferred tax assets		(2,342,442)		(2,102,459)
	$	-	$	-

At September 30, 2013, the Canadian operations have non-capital losses carried forward for Canadian income tax purposes totalling approximately $7,513,000, expiring in various periods from 2028 to 2033.

The operation in China has accumulated approximately $244,000 non-capital losses. The China subsidiary is a Wholly Foreign Owned Enterprise and is subject to a general tax rate of 25% (2012: $25%).

Petscan HK is a Hong Kong company and is subject to a general tax rate of 16.5% (2012: 16.5%). The company has accumulated approximately $92,000 of non-capital losses since its inception.

At September 30, 2013, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

PREMIER DIAGNOSTIC HEALTH SERVICES INC.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED

SEPTEMBER 30, 2012 AND 2011

Index

SUITE 1850

1066 WEST HASTINGS STREET

VANCOUVER, BC, V6E 3X2

T: **604.683.3850**

F: **604.688.8479**

A CHAN AND COMPANY LLP

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of

Premier Diagnostic Health Services Inc.

We have audited the accompanying consolidated financial statements of Premier Diagnostic Health Services Inc. (the "Company"), which comprise the statements of financial position as at September 30, 2012, September 30, 2011 and October 1, 2010, and the statements of operations, comprehensive loss and deficit, statements of cash flows and statements of changes in shareholders' equity (deficiency) for the years ended September 30, 2012 and September 30, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2012, September 30, 2011 and October 1, 2010, and its financial performance and its cash flows for the years ended September 30, 2012 and September 30, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"A Chan and Company LLP"

Chartered Accountants

Vancouver, British Columbia

January 28, 2013

PREMIER DIAGNOSTIC HEALTH SERVICES INC.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

		September 30, 2012		September 30, 2011		October 01, 2010 (Restated) (See Note 15)
ASSETS						
Current						
Cash & cash equivalents	$	18,652	$	163,871	$	404,635
Accounts & HST/GST receivable		109,851		95,987		125,857
Prepaid expenses		9,378		15,485		24,401
Loan receivable from shareholder		-		-		60,000
		137,881		**275,343**		**614,893**
Security deposit		**16,695**		**16,695**		**16,914**
Loan receivable		**-**		**-**		**16,500**
Leasehold improvements (Note 5)		**256,609**		**289,692**		**331,569**
Equipment (Note 5 and Note 10(iv))		**1,338,371**		**1,571,495**		**1,844,082**
Total Assets	**$**	**1,749,556**	**$**	**2,153,225**	**$**	**2,823,958**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)						
Current						
Accounts payable (Note 7(d))	$	902,544	$	744,898	$	411,096
Accrued liabilities (Note 7(d))		239,278		254,502		50,318
Loans payable (Note 7(c) and Note 10(ii))		18,000		18,000		18,000
Shareholders' Loan (Note 7(e))		171,455		25,000		-
		1,331,277		**1,042,400**		**479,414**
Loans payable (Note 7(c) and Note 10(ii))		**164,544**		**144,045**		**132,000**
Deferred liability (Note 11)		**-**		**423,082**		**422,606**
Other long term liability (Note 10 (iv) and Note 11)		**424,794**		**-**		**-**
Total Liabilities		**1,920,615**		**1,609,527**		**1,034,020**
Shareholders' equity (deficiency)						
Share capital (Note 6)		13,213,661		12,869,066		12,414,307
Deficit, per statement		(13,384,720)		(12,325,368)		(10,624,369)
Total Shareholders' Equity (Deficiency)		**(171,059)**		**543,698**		**1,789,938**
Total Liabilities and Shareholders' Equity (Deficiency)	**$**	**1,749,556**	**$**	**2,153,225**	**$**	**2,823,958**

Incorporation, amalgamation and nature of business (Note 1)
Continuance of operations (Note 2)
Subsequent events (Note 13)
On behalf of the Board:

"Denis Tusar" ***"Geoffrey Waters"***

Director Director

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

PREMIER DIAGNOSTIC HEALTH SERVICES INC.

Consolidated Statements of Operations, Comprehensive Loss and Deficit

Year Ended September 30

	2012	2011
Revenue	$ 219,250	$ 796,348
Cost of Goods Sold	162,888	318,927
Gross Margin	**56,362**	**477,421**
Net Revenue from MRI Operation (Note 10(iv) and Note 11)	**476,456**	**169,929**
Total Revenue	**532,818**	**647,350**
Other Operating Costs		
Amortization	226,947	265,158
Advertising & promotion	23,771	128,553
Premises	109,138	110,941
Salaries, benefits and consulting	145,086	262,318
Other	106,050	189,667
Total Other Operating Costs	**610,992**	**956,637**
Net Operating Income /(Loss)	**(78,174)**	**(309,287)**
Corporate Expenses		
Amortization	39,817	42,608
Consulting (Note 7(b))	119,811	401,952
Insurance	63,435	48,617
Interest on deferred liability	6,312	51,455
License fee & royalty payments (Note 7(c))	50,000	50,000
Professional fees	41,687	61,128
Rent	124,187	115,476
Salaries, wages & benefits (Note 7(a))	238,464	440,231
Travel	42,797	50,186
Misc Others	106,134	124,856
Total Corporate Expenses	**832,644**	**1,386,509**
Loss before other items	**(910,818)**	**(1,695,796)**
Other items		
Interest income	(107)	(2,536)
Gain on settlement of debt	-	(6,640)
Loss on fair value of other long term liability	138,336	-
Write down of equipment	-	5,115
Foreign exchange (gain) / loss	10,305	(736)
Loss and comprehensive loss for the year	**(1,059,352)**	**(1,690,999)**
Deficit, beginning of year	(12,325,368)	(10,624,369)
Purchase of 10% shares of Petscan HK		(10,000)
Deficit, end of year	**$ (13,384,720)**	**$ (12,325,368)**
Basic and diluted loss per common share	$ (0.03)	$ (0.05)
Weighted average number of shares outstanding	**38,456,384**	**33,312,563**

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

PREMIER DIAGNOSTIC HEALTH SERVICES INC.
Consolidated Statements of Cash Flows
Year Ended September 30

		2012		2011
Cash flows provided by (used in)				
Operating activities				
Loss and comprehensive loss for the year	$	(1,059,352)	$	(1,690,999)
Item not affecting cash:				
Amortization of equipment		266,764		307,766
Amortization of prepaid expenses		6,108		24,401
Write-down of Equipment		-		5,115
Gain on settlement of debt		-		(6,640)
Loss on fair value of other long term liability		138,336		-
Net revenue distributed to pay down interest on deferred liability		(142,937)		(50,978)
Amortization of interest on deferred liability		6,312		51,455
Allowance for doubtful accounts		-		1,950
Changes in non-cash working capital items:				
Decrease (Increase) in accounts & HST/GST receivable		(13,864)		27,920
Decrease (Increase) in prepaid expenses		-		(15,485)
Increase (Decrease) in accounts payable and accrued liabilities		142,422		680,644
Cash used in operating activities		(656,211)		(664,851)
Investing activities				
Loan receivable		-		(6,839)
Loan receivable from shareholder		-		60,000
Security deposit		-		219
Purchase of Petscan Hong Kong Shares		-		(10,000)
Purchase of equipment		(557)		(107,876)
Cash used in investing activities		(557)		(64,496)
Financing activities				
Loans payable		20,499		35,384
Loan payable to shareholder		146,455		25,000
Proceeds from issuance of common shares, net of finder's fee (2012 - $41,008; 2011 - $57,018)		344,595		428,199
Cash provided by financing activities		511,549		488,583
Change in cash & cash equivalents during the year		(145,219)		(240,764)
Cash & cash equivalents, beginning of year		163,871		404,635
Cash & cash equivalents, end of year	$	18,652	$	163,871
Supplemental cash flow information				
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-
Issuance of New Common Shares as finders' fees on amalgamation (Note 6(b)(i))	$	-	$	27,276
Accrual of leasehold improvements	$	22,497	$	150,000
Issuance of shares for consulting services provided (Note 6(c)(iv))	$	15,000	$	-
Issuance of shares to settle debts (Note 6(b)(i))	$	-	$	26,560
Deferred liability on MRI equipment (Note 17)	$	422,606	$	422,606

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

PREMIER DIAGNOSTIC HEALTH SERVICES INC.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

	Share Capital				
	Number	**Amount**	**Accumulated other comprehensive income**	**Deficit**	**Total**
Balance at October 1, 2010	**32,663,313**	**$ 12,414,307**	**-**	**$ (10,624,369)**	**$ 1,789,938**
Issued for:					
Shares issued for cash (Note 6(a)(i), 6(a)(ii), 6(b)(ii) & 6(b)(iii))	2,301,937	337,941	-	-	337,941
Shares issued on conversion of Promissory Notes (Note 6(b)(iv))	1,500,000	120,000	-	-	120,000
Shares issued to settle debts (Note 6(b)(i))	132,800	26,560	-	-	26,560
Shares issued as finders' fees (Note 6(b)(i))	181,840	-	-	-	-
Shares returned for cancellation (Note 6(a)(iii))	(286,613)	-	-	-	-
Finder's fee paid in cash (Note 6(a)(iv))	-	(29,742)	-	-	(29,742)
Charge to deficit for purchase of shares in Petscan Hong Kong	-	-	-	(10,000)	(10,000)
Loss for the year	-	-	-	(1,690,999)	(1,690,999)
Balance at September 30, 2011	**36,493,277**	**$ 12,869,066**	**-**	**$ (12,325,368)**	**$ 543,698**
Issued for:					
Shares issued for cash (Note 6(c)(i) to Note 6(c)(iii))	5,693,376	370,603	-	-	370,603
Finder's fee paid in cash (Note 6(a)(iv))	-	(41,008)	-	-	(41,008)
Shares issued for services provided (Note 6(c)(iv))	250,000	15,000	-	-	15,000
Loss for the year	-	-	-	(1,059,352)	(1,059,352)
Balance at September 30, 2012	**42,439,476**	**$ 13,213,661**	**-**	**($13,384,720)**	**($171,059)**

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

1. INCORPORATION, AMALGAMATION AND NATURE OF BUSINESS

Premier Diagnostic Health Services Inc., (the "Company"), was formed by a Certificate of Amalgamation pursuant to the Business Corporations Act (British Columbia) on July 16, 2010, as the result of an amalgamation between Premier Diagnostic Health Services Inc., which was incorporated under the Business Corporations Act (British Columbia) on September 22, 2006 ("Old PDH"), and Golden Hat Resources Inc. ("Golden Hat"), a company originally incorporated under the Company Act RSBC 1979, as amended, on January 14, 1982 under the name "Banex Resources Corporation" (the "Amalgamation"). The Company's office is located at Suite 301, 3185 Willingdon Green, Burnaby, BC V5G.

Under the terms of the Amalgamation, effective July 16, 2010, all shareholders of Old PDH and Golden Hat became shareholders of the Company. Each Old PDH shareholder is the holder of 1.73 Company shares for each Old PDH share previously held, and each Golden Hat shareholder is the holder of one Company share for each Golden Hat share previously held, the shares of Golden Hat having been previously consolidated on the basis of 1 share for 12 shares. All shares of Old PDH and Golden Hat held prior to the Amalgamation were cancelled.

The principal business of the Company is the establishment of Diagnostic Imaging Centers in Canada and China, together with an integrated support services infrastructure, utilizing of PET (Positron Emission Technology) and/or MRI (Magnetic Resonance Imaging) technology, and the establishment of facilities for the commercial production of Health Canada-approved CanTrace FDG (fluorodeoxyglucose), the radiopharmaceutical used in PET scanning, for use and sale. Activities to-date have been the development and operation of a PET-CT diagnostic scanning centre in Burnaby, BC and the establishment of an MRI diagnostic scanning facility under a cooperative venture between the Company's China subsidiary and the Military Police Hospital No. 3 in Beijing, as well as the raising of capital, the identification and evaluation of potential additional locations for facilities, and advancing plans and regulatory approval for commencement of development of these other facilities.

2. CONTINUANCE OF OPERATIONS

These consolidated financial statements have been prepared in accordance with IFRS that apply to a going concern. This presupposes that the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations. As at September 30, 2012, the Company had not yet achieved profitable operations, had accumulated losses of $13,384,720 after consolidation of the loss of the amalgamated Golden Hat, had a working capital deficit of $1,193,396, which may not be sufficient to sustain operations over the foreseeable future, and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management has raised capital through various private placements, and exercised of various warrants, and will continue to do so through future private placements and public offerings in addition to conducting revenue generating operations. The eventual outcome of these efforts cannot be predicted at this time. If the Company is unable to make its operations profitable, or obtain adequate additional financing, management may be required to curtail some of the Company's operations or altogether. These consolidated financial statements do not contain any adjustments to the amounts and classifications of assets and liabilities, which might be necessary should the Company be unable to continue in business.

2. CONTINUANCE OF OPERATIONS (continued)

	September 30, 2012	September 30, 2011
Deficit	**($13,384,720)**	**($12,325,368)**
Working capital (deficiency)	**($1,193,396)**	**($767,057)**

3. BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF IFRS

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's transition date to IFRS was October 1, 2010. The rules for first-time adoption of IFRS are set out in IFRS 1, *First-time Adoption of International Financial Reporting Standards*. In preparing the Company's first IFRS financial statements, these transition rules have been applied to the amounts previously reported in accordance with Canadian generally accepted accounting principles ("GAAP"). Historical results and balances have been restated under IFRS. These consolidated financial statements should be read in conjunction with the Company's 2011 GAAP annual consolidated financial statements, and in consideration of the disclosure regarding the transition from Canadian GAAP to IFRS. The disclosures concerning this transition from GAAP to IFRS are provided in Note 15.

These consolidated financial statements are authorized for issuance by the board of directors on January 28, 2013.

Basis of Consolidation and Presentation

These consolidated financial statements have been prepared on an accrual basis and are based on historical cost basis, except for financial instruments which are measured at fair value. All dollar amounts presented are in Canadian dollars, the functional currency of the Company, unless otherwise specified.

These consolidated financial statements include the accounts of the Company and its 100% interest in IPET Pharmaceuticals Montreal Inc., an inactive company; the accounts of its 100% interest in Premier Diagnostic Health Services (Vancouver) Inc.; 100% of the consolidated accounts of Petscan International (Hong Kong) Limited and a 100% owned subsidiary in China.

Significant accounting judgments and estimates

The preparation of these consolidated 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 period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is

3. BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF IFRS (continued)

Significant accounting judgments and estimates (continued)

revised and the revision affects both current and future periods.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Depreciation rates

The application of determining the useful lives of equipment are estimates by management based on assumptions about future events. Estimates and assumption made may change if new information becomes available. New information may become available during the use of the equipment that causes the Company to adjust its estimate.

Impairment

The Company assesses its property and equipment for impairment by comparing the carrying amount to the recoverable amount of the underlying assets. The impairment test is performed at the cash generating unit ("CGU") for development and production assets. The determination of the recoverable amount involves estimating the asset's fair value less costs to sell or its value-in use, which is based on its discounted future cash flows using an applicable discount rate. Future cash flows are calculated based on management's best estimate of future revenue and inflation and are discounted based on management's current assessment of market conditions.

Provisions

The Company recognizes a provision for present obligations (legal or constructive) in the consolidated financial statements equal to the net present value of the estimated future payments required to settle the estimated obligations at the statement of financial position date. The measurement of the provisions involves the use of estimates and assumptions including the discount rate, the expected timing of future payments and the amount of future payments. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Fair value calculation of share-based payments

The fair value of share-based payments is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the future forfeiture rate, expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management’s best estimates based on historical information and future forecasts.

Taxation

The calculation of deferred income taxes is based on a number of assumptions including estimating the future periods in which temporary differences, tax losses and other tax credits will reverse, the use of substantively enacted tax rates at the reporting date and the likelihood of deferred tax assets being realized.

3. BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF IFRS (continued)

Significant accounting judgments and estimates (continued)

Cash generating units

The determination of the Company's CGU's impacts the measurement of impairment that is recognized in the consolidated financial statements. The determination of CGU's requires judgement in defining smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGU's are determined by similar market locations, shared infrastructure, geographical proximity, type of services provided, similar exposure to political risk, market risk and materiality.

Valuation of accounts receivable

The valuation of accounts receivable is based on management's best estimate of collectability and the provision for doubtful accounts.

Contingencies

Contingencies are resolved only when one or more events transpire. As a result, the assessment of contingencies inherently involves estimating the outcome of future events.

4. SIGNIFICANT ACCOUNTING POLICIES

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 and each of its subsidiaries 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.

Cash & cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at September 30, 2012, September 30, 2011 and October 1, 2010, the Company did not have cash equivalents.

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.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial instruments (continued)

Financial assets (continued)

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.

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 profit or loss.

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

Financial liabilities

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

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

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method.

Amortization

Equipment is carried at cost less accumulated amortization. Amortization is calculated using the method at the following annual rates:

Computer equipment	45% declining balance
Diagnostic equipment	30% declining balance
Furniture & fixtures	30% declining balance
Vehicle	30% declining balance
MRI equipment	straight line over term of cooperative venture agreement

Leasehold improvements are carried at cost less accumulated amortization. Cost is amortized over the term of lease agreement on a straight line basis.

In the year of acquisition, equipment and leasehold improvements are amortized at one-half the annual rate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible 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 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For diluted loss per share, the dilutive effect has not been presented separately as it proved to be anti-dilutive. Loss per share is calculated using the weighted average number of shares.

Share-based compensation

The Company's share option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 regards 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 nor 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 balance sheet date.

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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Revenue recognition

Revenue from scanning fees is recognized as services are performed and is billed pursuant to agreed terms. Collection is generally made upon completion of such services.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholders’ equity

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Comprehensive income (loss) (continued)

as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

Future changes in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after January 1, 2013 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the summary below. The company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

IFRS 9, Financial Instruments, replaces the current standard IAS 39, Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRSs. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

In addition, there have been amendments to existing standards, including IAS 27 and IAS 28. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

5. EQUIPMENT, LEASEHOLD IMPROVEMENTS

	September 30, 2012		
Equipment	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 17,589	$ 13,944	$ 3,645
Diagnostic equipment (See Note 10(v))	482,890	287,210	195,680
MRI equipment	1,404,534	280,907	1,123,627
Furniture and fixtures	36,341	20,922	15,419
	$ 1,941,354	$ 602,983	$ 1,338,371
Leasehold improvements	$ 341,863	$ 85,254	$ 256,609

	September 30, 2011		
Equipment	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 17,033	$ 11,189	$ 5,844
Diagnostic equipment (See Note 10(v))	482,890	203,347	279,543
MRI equipment	1,404,534	140,454	1,264,080
Furniture and fixtures	36,341	14,313	22,028
	$ 1,940,798	$ 369,303	$ 1,571,495
Leasehold improvements	$ 341,862	$ 52,170	$ 289,692

	October 1, 2010		
Equipment	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 18,134	$ 9,481	$ 8,653
Diagnostic equipment	481,602	84,095	397,507
MRI equipment (Restated – Note 17)	1,404,534	-	1,404,534
Furniture and fixtures	31,941	5,815	26,126
Automobiles	19,859	12,597	7,262
	$ 1,956,070	$ 111,988	$ 1,844,082
Leasehold improvements	$ 350,249	$ 18,680	$ 331,569

6. SHARE CAPITAL

Based on the economic substance of the amalgamation agreement, Old PDH is considered as the acquirer in a Reverse Take-Over transaction upon amalgamation and should account for the purchase of Golden Hat by Old PDH Premier on July 16, 2010 as a takeover using the purchase method as follows:

Cash	$	-
Loan receivable		202,307
Promissory note payable		(478,000)
Net value of assets acquired	$	(275,693)
Consideration		
3,561,287 post-consolidated common shares	$	-

	Number of Shares		Amount
Authorized:			
Unlimited number of common shares without par value.			
Issued common shares:			
Balance at September 30, 2010	32,663,313	$	12,414,307
Company shares issued at $0.85 per share for cash (Note 6(a) (i))	30,507		25,940
Company shares issued at $0.70 per share for cash (Note 6(a) (ii))	71,430		50,001
Company shares issued in error and returned to Treasury (Note 6(a)(iii))	(95,150)		-
Finder's fee paid in cash (Note 6(a)(iv))	-		(9,102)
Company shares issued at $0.16 per share for cash (Note 6(b)(ii))	1,075,000		172,000
Company shares issued for services (Note 6(b)(i))	314,640		53,836
Finder's fee paid by share issuance (Note 6(b)(i))	-		(27,276)
Company shares to be returned to Treasury pursuant to Agreement	(191,463)		-
Finder's fee paid in cash (Note 6(a)(iv))	-		(20,640)
Company shares issued at $0.08 per share for cash (Note 6 (b)(iii))	1,125,000		90,000
Shares issued on conversion of Promissory Notes (Note 6 (b)(iv))	1,500,000		120,000
Balance at September 30, 2011	36,493,277	$	12,869,066
Company shares issued at $0.06 per share for cash (Note 6 (c)(i))	4,643,376		278,603
Company shares issued at $0.08 per share for cash (Note 6 (c)(ii))	650,000		52,000
Company shares issued at $0.10 per share for cash (Note 6 (c)(iii))	400,000		40,000
Company shares issued at $0.06 per share for consulting service (Note 6 (c)(iv))	250,000		15,000
Finder's fee paid in cash (Note 6(a)(iv))			(41,008)
Balance at September 30, 2012	42,436,653	$	13,213,661

(a) (i) In accordance with the Term Sheet dated July 12, 2010, as amended August 31, 2010, the Company issued 30,507 shares at a price of $0.85 per share for gross proceeds of $25,940 in the quarter ending December 31, 2010.

(ii) In accordance with the Term Sheet dated July 13, 2010, as amended August 31, 2010, the Company issued 71,430 shares at a price of $0.70 per share for gross proceeds of $50,001 in the quarter ending December 31, 2010.

6. SHARE CAPITAL (continued)

(a) (iii) Agreement has been reached with a shareholder to return to treasury 95,150 shares of the Company, issued in error at the time of the Amalgamation, for cancellation.

(iv) The Company in general has paid or accrued for a 10% finders' fee on all funds raised through Offering Memorandum, Term Sheet Offerings and exercise of various types of warrants. In some cases, an additional 2% overriding finders' fee has also been paid or accrued for on these funds raised.

(b) (i) During the quarter ending March 31, 2011 the Company issued 132,800 shares at a fair value of $0.20 per share to Dynamo Consulting Group Inc. inconsideration of a debt of $33,200 incurred pursuant to a consulting agreement for the provision of business development and financial advisory services for the period from September 27, 2010 to January 31, 2011, and 181,840 shares at a fair value of $27,276 in settlement of the provision of past services by eight third parties as finders' fees.

(ii) In accordance with a Term Sheet dated February 23, 2011, the Company issued 1,075,000 Units at $0.16 per Unit for gross proceeds of $172,000, each Unit consisting of one common share, one share purchase warrant ("A" Warrant) exercisable at $0.30 and expiring on July 21, 2011 and one share purchase warrant ("B" Warrant) exercisable at $0.40 and expiring on December 31, 2011.

(iii) In accordance with a Term Sheet dated August 22, 2011, the Company issued 1,125,000 Units at $0.08 per Unit for gross proceeds of $90,000, each unit consisting of one common share and one share purchase warrant exercisable at $0.10 and expiring on September 30, 2013.

(iv) In accordance with a Term Sheet dated August 22, 2011, the Company issued to two Related Parties 1,500,000 Units at $0.08 per Unit in exchange for the surrender of previously-issued Promissory Notes totaling $120,000, each unit consisting of one common share and one share purchase warrant exercisable at $0.10 and expiring on September 30, 2013.

(c) (i) In accordance with a Term Sheet dated March 23, 2012, the Company issued 4,643,376 Units at $0.06 per Unit for gross proceeds of $278,603, each unit consisting of one common share and one share purchase warrant exercisable at $0.10 for every 2 warrants redeemed and expiring on September 30, 2013.

(ii) In accordance with a Term Sheet dated May 31, 2012, the Company issued 650,000 Units at $0.08 per Unit for gross proceeds of $52,000, each unit consisting of one common share and one share purchase warrant exercisable at $0.12 for every 2 warrants redeemed and expiring on September 30, 2013.

(iii) In accordance with a Term Sheet dated July 27, 2012, the Company issued 400,000 Units at $0.10 per Unit for gross proceeds of $40,000, each unit consisting of one common share and one share purchase warrant exercisable at $0.15 for every 2 warrants redeemed and expiring on September 30, 2013.

(iv) On July 12, 2012, the company issued 250,000 units to a consulting firm for services rendered at a fair value of $0.06 per share.

6. SHARE CAPITAL (continued)

(d) Escrowed shares

Pursuant to an escrow agreement entered into prior to the Amalgamation, 11 shareholders holding in the aggregate 12,690,362 shares placed all these shares in escrow subject to a hold period of 36 months from the effective date of the Amalgamation. 10% of these escrowed shares were released from escrow on the date that the Company's common shares were listed on the CNSX and 15% of the balance is to be released every six months thereafter. As at September 30, 2012, 5,529,076 shares were still in escrow.

(e) Options

The shareholders of the Company, and the Canadian National Stock Exchange (CNSX), approved an incentive stock option plan in July 2010, the terms of which were consistent with the regulatory requirements of both the TSX Venture Exchange and CNSX. Pursuant to this stock option plan, the Company's board of directors may grant up to 10% of the aggregate number of Company shares issued and outstanding at the date of the grant. As of September 30, 2012 and the date of the issuance of these consolidated financial statements, no grants under the stock option plan have been granted.

(f) Warrants

(i) During the year ended September 30, 2011, 1,075,000 warrants were issued with an exercise price of $0.30 per share, expiring on July 31, 2011, 1,075,000 additional warrants were issued with an exercise price of $0.40 per share expiring on December 31, 2011, and 2,625,000 warrants were issued with an exercise price of $0.10 expiring September 30, 2013 (see Note 6 (b)(ii), Note 6(b)(iii) & Note 6(b)(iv)). None of these warrants have been exercised to-date.

(ii) During the year ended September 30, 2012, 4,643,376 warrants were issued with an exercise price of $0.10 per share, expiring on September 30, 2013, 650,000 additional warrants were issued with an exercise price of $0.12 per share expiring on September 30, 2013, and 400,000 warrants were issued with an exercise price of $0.15 expiring September 30, 2013 (see from Note 6 (c)(i) to Note 6(c)(iii)). None of these warrants have been exercised to-date.

(g) Share purchase warrants outstanding

Except for the warrants issued in the year ended September 30, 2011 (see Note 6(f)), all outstanding warrants of the Company expired at the time of the Amalgamation. The warrants issued in the year ending September 30, 2012 and outstanding as of the date of these consolidated financial statements are:

	Number of Warrants	Exercise Price
Balance, September 30, 2010	-	
Issued	1,075,000	$0.30
Expired July 2011	(1,075,000)	($0.30)
Issued	1,075,000	$0.40
Expired Dec. 31/11	(1,075,000)	($0.40)
Issued	2,625,000	$0.10
Balance, September 30, 2011	2,625,000	$0.10
Issued	4,643,376	$0.10
Issued	650,000	$0.12
Issued	400,000	$0.15
	7,268,376	$0.10
Balance, September 30, 2012	650,000	$0.12
	400,000	$0.15

7. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2012, the following related party transactions occurred:

(a) Salaries of $93,000 (2011: $99,359) were accrued to one director.

(b) Consulting fees totaling $90,000 (2011: $60,667) were accrued and paid to i) one director; ii) a business controlled by a former director.

(c) License and royalty fees of $50,000 (2011: $50,000), owing pursuant to a Technology License Agreement with an effective date of September 30, 2006 (Note 10(ii)), were accrued for payment to International P.E.T. Pharma Inc. ("IPET Pharma"), a company related by common control and common directors. As at September 30, 2012, the Company owed IPET Pharma $182,544 in relation to these fees accrued since 2006, net of payments made.

(d) As at September 30, 2012, accounts payable and accrued liabilities includes $342,328 (2011: $202,536) due to directors, ex-directors, companies or businesses controlled by directors and companies related by common control and common directors.

All related party transactions from Note 7(a) to Note 7(d)are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

(e) During the year ended September 30, 2011, a director and shareholder repaid $60,000 to the Company reducing the outstanding balance he owes to the Company to nil. Subsequent to that repayment during the fiscal year, that director and shareholder advanced $25,000 to the Company. During the year ended September 30, 2012, the two same directors and one shareholder advanced $146,455 to the Company, bringing the total balance owed to the three individuals to $171,455.

(f) The Company has entered into a Technology License Agreement ("the Agreement") with IPET Pharmaceuticals Inc. ("IPET Pharma"), a company related by common directors and common control, with an effective date of September 30, 2006 (See Note 10(ii)).

8. FINANCIAL INSTRUMENTS

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, accounts receivable, loans receivable/payable, investors deposit, accounts payable and accrued liabilities, deferred liability, other long term liability and loan receivable/payable to shareholders.

Financial Instrument	Classification
Cash and cash equivalents	FVTPL (Level 1)
Accounts receivable	Loans and receivable
Accounts payable & accrued liabilities, loan payable & shareholders' loan	Other liabilities
Deferred liability	Other liabilities
Other long term liability	FVTPL (Level 3)

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that 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 (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of cash and cash equivalents, accounts receivable and accounts payable & accrued liabilities approximate their book values because of the short-term nature of these instruments.

Loan receivable/payable to shareholder and loans receivable/payable are related party transactions and are carried at cost. Due to uncertainty of amounts to be repaid and timing of repayments, deferred liability is carried at carrying value which approximates its amortized cost.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk is the loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to liquid investments in bankers' acceptance and term deposits with a local Chinese bank, and loan receivable from a related company. Management believes that the credit risk concentration with respect to financial instruments above is remote.

Financial Instrument Risk Exposure

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2012, the Company had a working deficiency of $1,193,396 (September 30, 2011: deficiency of $767,057). Included in cash balances are funds invested in China which are subject to liquidity risk as any funds to be withdrawn from the entity will be subject to various approvals. The Company will continue to raise additional capital through future private placements and public offerings.

Market Risk

The significant market risks exposure to which the Company is exposed are foreign currency risk and interest rate risk. The Company has a significant interest in a Company in China. All funds maintained by the entity are subject to foreign currency fluctuation and the bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rate fluctuations.

9. CONTINGENCY

In September 2009, Siemens Medical Solutions USA Inc. ("Siemens") commenced a claim against Premier Diagnostic Health Services (Vancouver) Inc. ("Premier Vancouver"), a wholly owned subsidiary of the Company, and IPET Pharmaceuticals Inc. ("IPET Pharma"). Siemens subsequently joined the Company as a Defendant. Siemens alleges that IPET Pharma transferred, sold or conveyed assets to the Company or Premier Vancouver in a manner that constituted a fraudulent conveyance. In the action Siemens seeks relief against the Company, Premier Vancouver, IPET Pharma, IPET Pharmaceuticals (Montreal) Ltd. and PETSCAN International (Hong Kong) Limited. The Company is of the view that fair value of the conveyed assets was paid and, as the Company's legal counsel has recommended to submit a court application to dismiss the claim against the Company, no provision for possible loss has been included in these consolidated financial statements. Any settlement will be reflected as a charge to operations in the year occurred.

10. COMMITMENTS

i) Lease commitments

On July 31, 2009, the Company entered into a lease agreement to lease a premise located on 3rd floor of 3185 Willingdon Green, Burnaby, BC for 124 months plus one day commencing on December 31, 2009 and expiring on April 30, 2020. The rentable area is approximately 6,119 square feet and is being utilized by the Company for a diagnostic clinic and the Company's administrative head office.

The basic rent is:

- $20 per square foot per annum in months 1 to 60; and

- $22 per square foot per annum in months 61 to 124.

The Company is also responsible for the rent of 18 parking stalls and its proportionate share of all real estate taxes, operating costs and utilities on a monthly basis, which are estimated to be at $11.20 per square foot of rentable area for the 2012 fiscal year of the building.

ii) Technology agreement commitments

The Company has entered into a Technology License Agreement ("the Agreement") with IPET Pharmaceuticals Inc. ("IPET Pharma"), a company related by common directors and common control, with an effective date of September 30, 2006. The Agreement grants to the Company a royalty-bearing, exclusive License of the Licensed Product, CanTrace FDG, to manufacture, have manufactured, use, sell and otherwise commercialize and exploit the Licensed Product within Canada for use in the field of Oncology. The Company has the right to grant a sublicense to other affiliated parties provided these parties agree to be bound by this same Agreement.

The term of this Agreement is for a period of 10 years from September 30, 2006. IPET Pharma has, any time after September 30, 2009 the right to terminate the Agreement with respect to any provinces in Canada if the Company has not commercialized the Product in such province. The Company has not achieved commercialization, but the Company has received an extension on this requirement from IPET Pharma.

10. COMMITMENTS (continued)

ii) Technology agreement commitments (continued)

In consideration, the Company agreed to pay IPET Pharma a License fee of $10,000 upon execution of the Agreement and an annual License renewal fee of $10,000 on each anniversary of the effective date. The Company further agreed to make a running royalty payment equal to 7.5% of sales revenues calculated with respect to each quarter of each year of the term of the license provided that the royalty payment for each quarter will not be less than $10,000. IPET Pharma has agreed to defer the payment of the accrued debt related to this obligation as a loan to a date later than September 30, 2012 provided the Company makes monthly payments of not less than $1,500 with respect to the obligation. This loan is non-interest bearing and the current portion for next 12 months amounts to $18,000.

iii) Transfer of ownership commitment

On September 30, 2006, the Company signed an agreement with International P.E.T. Diagnostics Inc. ("IPET"), a company related by common directors and common control, by which the Company agreed to assume the obligation of Petscan International (Hong Kong) Ltd. ("Petscan HK"), a company related by common directors and common control, to repay a loan in the amount of $64,486.10 to IPET provided the Company became beneficial owner of 90% of Petscan HK. At the time the agreement was signed, the shares of Petscan HK were 75% owned by Mr. Denis Tusar and 25% owned by Mr. Kin Yeung, both of whom were directors of the Company.

In the year ended September 30, 2011, the remaining 5% shareholding interest in Petscan HK owned by each of Messrs. Tusar and Yeung was sold to the Company for a consideration of $10,000 and the agreements with respect to the payment of management and directors fees and the payment of bonuses to them was terminated.

iv) Revenue Sharing Agreement

With respect to the Company-owned facility in China, on March 12, 2010 an agreement was executed between Beijing Premier International Medical Equipment Technology Services Corporation Limited ("Premier Beijing"), the wholly-owned subsidiary of the Company's subsidiary, Petscan International (Hong Kong) Ltd. ("Petscan HK"), and People's Republic of China Military Police Beijing Head Precinct Hospital No. 3 (the "Hospital") to equip and operate a magnetic resonance imaging ("MRI") diagnostic clinic under a cooperative joint venture ("JV"). Pursuant to this agreement, Premier Beijing is responsible for the design of the clinic and the purchase and installation of an MRI scanner which is to be jointly operated under the direction of the Hospital's staff. Under the terms of the JV, as subsequently amended, Premier Beijing will receive monthly a share of the clinic's operating revenue, net of certain specified items, initially on the basis of 77% of revenue and reducing to 50%. On the termination of the contract in 10 years, the Hospital will have the right to purchase for a nominal price the MRI equipment, now owned by Premier Beijing and recorded in the consolidated financial statements at 100% of the purchase price (See Note 17).

As consideration for the financing of 30% of the purchase price of that MRI equipment provided by Amtex Healthcare Inc. ("Amtex"), Amtex, pursuant to a cooperation agreement finalized on November 16, 2011, will receive 30% of those net proceeds from the MRI facility operations periodically distributed by the Hospital to Premier.

10. COMMITMENTS (continued)

iv) Revenue Sharing Agreement (continued)

The 30% profit sharing by Amtex is considered as a derivative liability such that actual payments made by the Company to Amtex in the future depends on future profits shared by the Company with the Hospital. As a result, this is a financial liability that should be measured annually at fair value through profit or loss. The fair value is calculated based on a 12% imputed rate to discount future cash flows in the contract periods.

v) General Security Agreement on Equipment

On December 1, 2010 the Company granted a General Security Agreement in favour of Tandem Builders Ltd. ("Tandem") with respect to the PET-CT scanner and all equipment used in conjunction with it in the Company’s premises located at #301 – 3185 Willingdon Green in support of an agreement to pay $234,457 of outstanding debt related to labour and materials provided by Tandem to improve those premises. As of September 30, 2012, the balance of the debt is $22,497 (2011 - $166,217).

11. DEFERRED LIABILITY AND LONG TERM LIABILITY

The cooperative joint venture agreement originally entered into by the Company and Amtex Healthcare Inc. ("Amtex") with respect to the provision of an MRI scanner to People’s Republic of China Military Police Beijing Head Precinct Hospital No. 3 (the "Hospital") indicated that Amtex provided 30% of the financing while the Company paid for 70% of the purchase price (See Note 10(iv)). In return, Amtex would share in 30% of the net profit distributed from the Hospital through some legal structure. The final agreement with Amtex however was not finalized until November of 2011. The Company originally recorded 70% of the MRI equipment price as the cost of equipment in 2010. However, since the agreement was entered into in 2010 with 100% of full MRI equipment price, management determined that it should have recorded 100% of the full price and restated the cost of equipment in 2010. This would then result in recording a deferred liability consisting of the 30% financing provided by Amtex. By entering into this agreement, Amtex agreed to provide this financing and in return would share the Company’s net profit distributed from the Hospital within the term of the cooperative agreement. The Company is no longer legally liable to repay Amtex this amount of 30% financing in the future. However, 100% of the contract price is the price the Company would have paid if it was able to finance the purchase itself. As a result, 100% of the contract price would determine the fair value of the equipment purchased at the time of acquisition.

The recording of the cost of the MRI equipment at 100% of the contract price has resulted in recording a deferred liability equal to 30% of the contract price. At initial recognition, the contract price determines the fair value of this deferred liability and it should be measured at amortized cost subsequently. The Company determines that 12% is the appropriate imputed interest rate in calculating the amortized interest expense recognized on this deferred liability. Any net profit distributed to Amtex from the Hospital should then be considered as an offset first against the imputed interest and then against the deferred liability. After finalizing the profit sharing agreement with Amtex (See Note 10(iv)), the Company was considered entering into a derivative agreement such that total amounts payable to Amtex over remaining years of JV operation would then depend on future cash flows received by the Company from the MRI operation. The deferred liability, at the time when the profit sharing agreement commenced, should then be revalued based on discounted future expected cash flows payable to Amtex. As a derivative financial liability, this long term liability should be measured annually through profit and loss.

12. SEGMENTED INFORMATION

The Company's business is considered as operating in one segment, operating Diagnostic Imaging Centers. The geographical division of the Company's total assets as of September 30, 2012, September 30, 2011 and October 1, 2010 are as follows:

Assets		September 30, 2012		September 30, 2011		October 1, 2010 Restated – Note 17
Canada	$	605,148	$	769,437	$	1,229,270
China		1,144,408		1,383,788		1,594,688
Total	$	1,749,556	$	2,153,225	$	2,823,958

13. SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2012:

i) In the period from October 1st, 2012 to January 28, 2013, the company issued 450,000 Units at $0.10 per Unit for gross proceeds of $45,000, each unit consisting of one common share and one share purchase warrant exercisable at $0.15 for every 2 warrants redeemed and expiring on September 30, 2013.

ii) The Company offered 2,500,000 shares to accredited investors through a term sheet offering dated November 29, 2012, at a price of $0.20 per unit to raise a total of $500,000. As of January 28, 2013, no units have been issued under this term sheet.

14. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers the items included in shareholders' equity, debt financing and cash as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. Cash consists of cash at a major Canadian chartered bank and at a major Chinese bank. Cash with a Canadian chartered bank is insured by the Canadian Deposit Insurance Corporation (CDIC). The Company's subsidiary, Petscan International (Hong Kong) Limited, invested a total of US$200,000 into a wholly foreign owned subsidiary in China.

15. **FIRST TIME ADOPTION OF IFRS**

The Company adopted IFRS commencing October 1, 2011 with the transition date as October 1, 2010 ("Transition Date"), and the Company has prepared its IFRS opening consolidated statement of financial position as at that date. As a result, the Company is preparing for the first time its annual consolidated financial statements in accordance with IFRS for the year ending September 30, 2012. In preparing the opening IFRS statement of financial position, comparative information and the financial statements for the year ended September 30, 2011, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

Adoption of IFRS1

The guidance for the first time adoption of IFRS is provided by IFRS1, *First Time Adoption of International Financial Reporting Standards*, which provides guidance for an entity's initial adoption of IFRS. IFRS1 gives entities adopting IFRS for the first time a number of optional and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS.

Under IFRS 1, the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to the statement of financial position taken to deficit unless certain exemptions are applied. The Company elected to take the following optional exemptions provided by IFRS 1 and other IFRS sections:

Optional Exemptions

a) to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date;

b) to apply the requirements of IFRS 2, Share-based payment, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date;

Mandatory Exemptions

The IFRS 1 mandatory exception applied by the Company is as follows:

Estimates - In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under Canadian GAAP unless those estimates were in error. The Company's IFRS estimates as at the Transition Date are consistent with its Canadian GAAP estimates as at that date.

a) Impacts to statements of loss and comprehensive loss
IFRS 1 requires an entity to reconcile comprehensive income for prior periods presented under Canadian GAAP to IFRS as of the same date, accompanying with an explanation for any material adjustments to cash flows to the extent that they exist. The IFRS transition has no impact to the Company's statement of operations and comprehensive loss, and statement of cash flows for the year ended September 30, 2011. Thus reconciliation is not necessary.

b) Impacts to statements of financial position
IFRS 16 requires an entity to apply different depreciation method to significant (in terms of cost) parts that have different useful life. The company has determined that it should amortize its Diagnostic and MRI equipment as a whole and these equipment do not require componentization. The Company determines that the IFRS transition has no impact to the Company's statements of financial position as at October 1, 2010 and September 30, 2011. Thus reconciliation is not necessary.

15. FIRST TIME ADOPTION OF IFRS (continued)

c) Impacts to statements of change in shareholders' equity (deficiency)

The adoption of IFRS did not have any impact on its statements of changes in shareholders' equity (deficiency) previously reported in accordance with Canadian GAAP as at October 1, 2010, and September 30, 2011.

16. COMPARATIVE FIGURES

Certain figures in 2011 have been restated to conform to the consolidated financial statement presentation adopted in the current year.

17. RESTATEMENT

The cooperative joint venture agreement originally entered into by the Company and Amtex Healthcare Inc. ("Amtex") with respect to the provision of an MRI scanner to People's Republic of China Military Police Beijing Head Precinct Hospital No. 3 (the "Hospital") indicated that Amtex provided 30% of the financing while the Company paid for 70% of the purchase price. In return, Amtex would share in 30% of the net profit distributed from the Hospital through some legal structure. The final agreement with Amtex however was not finalized until November of 2011 (See Note 11). The Company originally recorded 70% of the MRI equipment price as the cost of equipment in 2010. However, since the agreement was entered into in 2010 with 100% of full MRI equipment price, management determined that it should have recorded 100% of the full price and restated the cost of equipment in 2010. This would then result in recording a deferred liability consisting of the 30% financing provided by Amtex. By entering into this agreement, Amtex agreed to provide this financing and in return would share the Company's net profit distributed from the Hospital within the term of the cooperative agreement. The Company is no longer legally liable to repay Amtex this amount of 30% financing in the future. However, 100% of the contract price is the price the Company would have paid if it was able to finance the purchase itself. As a result, 100% of the contract price would determine the fair value of the equipment purchased at the time of acquisition (See Note 11).

The effect of the restatement is shown as follows:

	As Previously Reported	Adjustment	As Restated
Consolidated Balance Sheet as at September 30, 2010:			
MRI Equipment	$ 981,928	$ 422,606	$ 1,404,534
Deferred Liability	$ -	$ 422,606	$ 422,606
Total Assets	$ 2,401,352	$ 422,606	$ 2,823,958
Total Liabilities and Shareholders' Equity	$ 2,401,352	$ 422,606	$ 2,823,958

There is no effect on the consolidated statement of operations and comprehensive loss and statement of cash flows for the year ended September 30, 2010 resulting from the above restatement.

18. INCOME TAXES

A reconciliation of income taxes at the statutory rate with the reported taxes follows:

		2012		2011
Loss for the year	$	1,059,352	$	1,690,909
Income tax recovery at statutory rate of 25% (2011: 27%)		(264,838)		(459,270)
Foreign operations taxed at lower rates		24,258		5,640
Net adjustments for deductible and non-deductible items		(8,837)		(48,660)
Expected income taxes recovery		(249,417)		(502,290)
Effect of tax rate reductions		16,875		131,328
Current and prior tax attributes not recognized		232,542		370,962
Deferred income taxes recovery	$	-	$	-

Details of deferred tax assets are as follows:

		2012		2011
Non-capital loss carry forwards	$	1,776,870	$	1,583,472
Share issuance costs		81,000		131,159
Equipment and other		244,589		155,287
Unrecognized deferred tax assets		(2,102,459)		(1,869,918)
	$	-	$	-

At September 30, 2012, the Canadian operations have non-capital losses carried forward for Canadian income tax purposes totalling approximately $6,865,000, expiring in various periods from 2028 to 2032.

The operation in China has accumulated approximately $184,000 non-capital losses. The China subsidiary is a Wholly Foreign Owned Enterprise and is subject to a general tax rate of 25% (2011: $25%).

Petscan HK is a Hong Kong company and is subject to a general tax rate of 16.5% (2011: 16.5%). The company has accumulated approximately $87,000 of non-capital losses since its inception.

At September 30, 2012, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

PREMIER DIVERSIFIED HOLDINGS INC.

(formerly Premier Diagnostic Health Services Inc.)

(“Premier” or the “Company”)

Pro-forma Consolidated Financial Statements

(Unaudited - Prepared by Management)
March 31, 2015

(Expressed in Canadian dollars)
Management’s Letter

The accompanying unaudited pro-forma consolidated financial statements have been prepared by management and the Company’s auditor has not performed a review of these pro-forma consolidated financial statements. The unaudited pro-forma consolidated financial statements give effect to the acquisition of Russell Breweries Inc. (“**Russell**”) by Premier as at March 31, 2015 (“**Transaction**”). The unaudited pro-forma consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”), and, in the opinion of management, include all adjustments necessary for fair presentation.

The unaudited pro-forma consolidated financial statements include certain amounts that are based on management estimates and judgements, and the accompanying notes provide a detailed description of the assumptions and adjustments performed in the development of these unaudited pro-forma consolidated financial statements. A pro-forma consolidated financial statement is based on management assumptions and adjustments which are inherently subjective. Actual amounts recorded upon approval of the acquisition will likely differ from those recorded in the unaudited pro-forma consolidated financial statements.

The unaudited pro-forma consolidated financial statements has been prepared for illustration purposes only and are not intended to reflect the results of operations of the financial position of the Company which would have actually resulted had the Transaction been effected on the date indicated. No adjustments have been made to reflect additional costs or cost savings that could result from the combination of the operations of Premier and Russell, as management does not anticipate any material costs or cost savings as a result of this Transaction. Further, the unaudited pro-forma financial information is not necessarily indicative of the results of operations that may be obtained in the future.

PREMIER DIVERSIFIED HOLDINGS INC.
(formerly Premier Diagnostic Health Services Inc.)
Pro-Forma Consolidated Statement of Financial Position
(Unaudited- Prepared by Management)
(Expressed in Canadian dollars)

As at	Premier Diversified Holdings Inc. March 31, 2015	Russell Breweries Inc. March 31, 2015	Pro forma adjustments	Note	Pro forma Premier Diversified Holdings Inc. (Consolidated)
ASSETS					
Current assets					
Cash and cash equivalents	$ 6,125,606	$ 420,927	$ -		**$ 6,546,533**
Accounts receivable	107,538	644,290	-		**751,828**
Prepaid expenses and deposits	18,443	145,480	-		**163,923**
Inventories	-	1,065,895	-		**1,065,895**
Loan receivable	7,267	-	-		**7,267**
	6,258,854	**2,276,592**	**-**		**8,535,446**
Non-current assets					
Security deposit	17,015	-	-		**17,015**
Equipment	1,035,023	2,517,349	-		**3,552,372**
Intangible assets	-	1,938,610	-		**1,938,610**
Restricted term deposits	-	100,000	-		**100,000**
Long-term investment	-	100,000	-		**100,000**
Investment in associate	1,368,655	-	-		**1,368,655**
Goodwill	-	-	2,352,917	**2(a)**	**2,352,917**
	2,420,693	**4,655,959**	**2,352,917**		**9,429,569**
TOTAL ASSETS	**$ 8,679,547**	**$ 6,932,551**	**$ 2,352,917**		**$ 17,965,015**

PREMIER DIVERSIFIED HOLDINGS INC.

(formerly Premier Diagnostic Health Services Inc.)

Pro-Forma Consolidated Statement of Loss and Comprehensive Loss (continued)
(Unaudited- Prepared by Management)
(Expressed in Canadian dollars)

As at	Premier Diversified Holdings Inc. March 31, 2015	Russell Breweries Inc. March 31, 2015	Pro forma adjustments	Note	Pro forma Premier Diversified Holdings Inc. (Consolidated)
LIABILITIES					
Current liabilities					
Bank indebtedness	$ -	$ 3,297	$ -		**$ 3,297**
Accounts payable and accrued liabilities	778,643	501,200	-		**1,279,843**
Income taxes payable	36,854	127,250	-		**164,104**
Due to related parties	-	54,651	-		**54,651**
Current portion of long-term debt	-	224,968	-		**224,968**
Current portion of finance lease obligations	-	17,403	-		**17,403**
Convertible debentures	400,598	-	-		**400,598**
	1,216,095	**928,769**	**-**		**2,144,864**
Non-current liabilities					
Long-term debt	-	420,120	-		**420,120**
Finance lease obligations	-	9,793	-		**9,793**
Unearned license fees	-	37,500	-		**37,500**
Other long term liability	677,911	-	-		**677,911**
Deferred tax liabilities	-	698,000	-		**698,000**
	677,911	**1,165,413**	**-**		**1,843,324**
TOTAL LIABILITIES	**1,894,006**	**2,094,182**	**-**		**3,988,188**
SHAREHOLDERS' EQUITY					
Equity portion of convertible debentures	$ 46,580	$ -	$ -		**$ 46,580**
Share capital	23,304,286	12,281,714	(7,929,266)	**2(a)**	**27,656,734**
Share-based payments reserves	150,189	3,684,506	(3,684,506)	**2(a)**	**150,189**
Accumulated deficit	(16,715,514)	(11,127,851)	11,127,851	**2(a)**	**(16,715,514)**
Non-controlling interests	-	-	2,838,838	**2(a)**	**2,838,838**
TOTAL SHAREHOLDERS' EQUITY	**6,785,541**	**4,838,369**	**2,352,917**		**13,976,827**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 8,679,547**	**$ 6,932,551**	**$ 2,352,917**		**$ 17,965,015**

PREMIER DIVERSIFIED HOLDINGS INC.

(formerly Premier Diagnostic Health Services Inc.)

Pro-Forma Consolidated Statement of Loss and Comprehensive Loss (continued)
(Unaudited- Prepared by Management)
(Expressed in Canadian dollars)

	Premier Diversified Holdings Inc. Six month ended March 31, 2015	Russell Breweries Inc. Six month ended March 31, 2015	Pro forma Premier Diversified Holdings Inc. (Consolidated) Six month ended March 31, 2015
REVENUE			
Diagnostic Center Revenue	$ 361,030	$ -	**$ 361,030**
Net revenue from China MRI center	276,122	-	**276,122**
Revenue	-	4,949,910	**4,949,910**
Less: Excise tax and provincial mark-up	-	(966,673)	**(966,673)**
NET REVENUE	**637,152**	**3,983,237**	4,620,389
COST OF GOODS SOLD	**(173,205)**	**(1,796,561)**	(1,969,766)
GROSS MARGIN	**463,947**	**2,186,676**	2,650,623
LESS: OPERATING EXPENSES			
Depreciation	102,497	29,136	**131,633**
Selling, general and administrative	1,019,529	1,551,732	**2,571,261**
Share-based payments	83,564	70,470	**154,034**
	1,205,590	**1,651,338**	**2,856,928**
INCOME (LOSS) BEFORE OTHER INCOME (EXPENSE)	(741,643)	535,338	**(206,305)**
OTHER INCOME (EXPENSE)			
Interest on long-term debt and convertible debentures	(25,596)	(69,204)	**(94,800)**
Interest income	809	-	**809**
Share of loss and dilution loss in associated company	(334,253)	-	**(334,253)**
Gain (loss) on fair value of other long term liability	9,160	-	**9,160**
Gain (loss) on settlement of debts	33,273	-	**33,273**
Other income	-	12,587	**12,587**
	(316,607)	**(56,617)**	**(373,224)**
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**$ (1,058,250)**	**$ 478,721**	**$ (579,529)**
Comprehensive loss for the period attributable to:			
Common shareholders			**$ (814,102)**
Non-controlling interest			**234,573**
			$ (579,529)

PREMIER DIVERSIFIED HOLDINGS INC.

(formerly Premier Diagnostic Health Services Inc.)

Pro-Forma Consolidated Statement of Loss and Comprehensive Loss (continued)
(Unaudited- Prepared by Management)
(Expressed in Canadian dollars)

	Premier Diversified Holdings Inc. Year ended September 30, 2014	Russell Breweries Inc. Year ended September 30, 2014	Pro forma Premier Diversified Holdings Inc. (Consolidated) Year ended September 30, 2014
REVENUE			
Diagnostic Center Revenue	$ 255,531	$ -	**$ 255,531**
Net revenue from China MRI center	648,934	-	**648,934**
Revenue	-	9,449,090	**9,449,090**
Less: Excise tax and provincial mark-up	-	(1,841,459)	**(1,841,459)**
NET REVENUE	**904,465**	**7,607,631**	8,512,096
COST OF GOODS SOLD	**(156,666)**	**(3,543,915)**	(3,700,581)
GROSS MARGIN	**747,799**	**4,063,716**	4,811,515
LESS: OPERATING EXPENSES			
Depreciation	218,617	83,260	**301,877**
Selling, general and administrative	1,395,382	3,842,949	**5,238,331**
Share-based payments	173,483	7,803	**181,286**
	1,787,482	**3,934,012**	**5,721,494**
INCOME (LOSS) BEFORE OTHER INCOME (EXPENSE)	(1,039,683)	129,704	**(909,979)**
OTHER INCOME (EXPENSE)			
Gain on settlement of debts	15,027	-	**15,027**
Interest on long-term debt and convertible debentures	(65,108)	(165,110)	**(230,218)**
Interest income	130	2,650	**2,780**
Loss on fair value of other long term liability	(334,344)	-	**(334,344)**
Loss on legal settlement	(90,000)	-	**(90,000)**
Other expenses	-	(15,850)	**(15,850)**
Other income	-	25,570	**25,570**
	(474,295)	**(152,740)**	**(627,035)**
LOSS BEFORE TAXES	**(1,513,978)**	**(23,036)**	**(1,537,014)**
Current income tax expense	(36,854)	(171,000)	**(207,854)**
Deferred income tax expense	-	31,000	**31,000**
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**$ (1,550,832)**	**$ (163,036)**	**$ (1,713,868)**
Comprehensive loss for the year attributable to:			
Common shareholders			**$ (1,633,980)**
Non-controlling interest			**(79,888)**
			$ (1,713,868)

1. BASIS OF PRESENTATION

The unaudited pro-forma consolidated financial statements of Premier have been prepared by management for inclusion in the filing statement in connection with the proposed acquisition by Premier of 100% of the common shares of Russell as at December 31, 2014 (see below).

Pursuant to the offer of Premier (the "Premier") dated June 26, 2015 to acquire up to 51% of the outstanding common shares of Russell, tendered Russell Shares will be exchanged for common shares of Premier on the basis of one common share of Premier for two and half common shares of Russell held by the shareholders of Russell (the "Transaction"). Upon the closing of the Transaction, Russell's financial statements will be consolidated with Premier. The unaudited pro-forma consolidated financial statements gives effect to the Transaction assuming it occurred on March 31, 2015.

These unaudited pro-forma consolidated financial statements of Premier have been compiled from and should be read in conjunction with the following financial statements which are available on SEDAR at www.sedar.com:

- The audited financial statements of Premier as at and for the year ended September 30, 2014.
- The unaudited financial statements of Premier as at and for the six months ended March 31, 2015;
- The unaudited financial statements of Russell as at and for the three months ended September 30, 2013;
- The audited financial statements of Russell as at and for the year ended June 30, 2014;
- The unaudited financial statements of Russell as at and for the three months ended September 30, 2014; and
- The unaudited financial statements of Russell as at and for the nine months ended March 31, 2015.

These unaudited pro-forma consolidated financial statements are not necessarily indicative of the Company's financial position on closing of the proposed acquisition. In preparing these unaudited pro-forma consolidated financial statements, no adjustments have been made to reflect additional costs or savings that could result from the Transaction. Actual amounts recorded upon approval of the acquisition will likely differ from those recorded in the unaudited pro forma consolidated financial statements.

Completion of the Transaction is subject to a number of conditions, including but not limited to, Canadian Stock Exchange acceptance.

(Expressed in Canadian dollars)

2. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro-forma consolidated statement of financial position was prepared based on the following adjustments and assumptions:

a) To record the acquisition of 51% (44,412,732 common shares) of the outstanding securities of Russell (87,083,788 common shares). The 44,412,732 common shares of Russell will be exchanged for common shares of Premier on the basis of one share of Premier for two and half common shares of Russell held by the shareholders of Russell. The remaining 49% ownership of Russell is considered as non-controlling interests and re-measured based on the market price of Russell's share as at March 31, 2015. Accordingly, the fair value of the net assets of Russell has been allocated such that share capital, share-based payments reserves and deficit have been eliminated.

In addition, Premier will continue Russell's share-based payments scheme after the Transaction; as a result, the value of the outstanding warrants and options of Russell as at March 31, 2015 are re-measured based on the market-based measure as at March 31, 2015. The re-measurement is allocated between non-controlling interests at the date of Transaction and compensation expense which is allocated against the non-controlling interests in the post-combination consolidated financial statements.

The total purchase price of $4,352,448 and non-controlling interests of $2,838,838 has been allocated as follows:

Cash and cash equivalents	420,927
Accounts receivable	644,290
Prepaid expenses and deposits	145,480
Inventories	1,065,895
Equipment	2,517,349
Intangible assets	1,938,610
Restricted term deposits	100,000
Long-term investment	100,000
Bank indebtedness	(3,297)
Goodwill	2,352,917
Accounts payable and accrued liabilities	(501,200)
Income taxes payable	(127,250)
Due to related parties	(54,651)
Current portion of long-term debt	(224,968)
Current portion of finance lease obligations	(17,403)
Long-term debt	(420,120)
Finance lease obligations	(9,793)
Unearned license fees	(37,500)
Deferred tax liabilities	(698,000)
	7,191,286

3. PRO FORMA SHARE CAPITAL

Shares in the unaudited pro-forma consolidated financial statements are comprised of the following:

	Note	Number of shares		Share capital
Balance as at March 31, 2015		**130,269,373**	**$**	**23,284,286**
Issued on acquisition	2(a)	17,765,093		4,352,448
Pro forma consolidated share capital		**148,034,466**	**$**	**27,636,734**

CONTACT INFORMATION FOR THE DEPOSITARY

THE DEPOSITARY FOR THE OFFER IS:

COMPUTERSHARE INVESTOR SERVICES INC.

By Mail:

PO Box 7021
31 Adelaide Street East
Toronto, Ontario
M5C 3H2
Attn: Corporate Actions

By Registered Mail, Hand or Courier:

100 University Avenue
8th Floor
Toronto, Ontario
M5J 2Y1
Attn: Corporate Actions

Toll Free (North America): 1.800.564.6253

Overseas: 1.514.982.7555

Email: corporateactions@computershare.com

Any questions regarding the Offer and requests for assistance depositing Russell Shares of for additional copies of any of the Offer Documents may be directed to Computershare at its contact information set out above. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance.