KENNA RESOURCES CORP.

FILING STATEMENT
with respect to a Reverse Takeover
pursuant to Policy 5.2 of the TSX Venture Exchange

May 29, 2016

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Acquisition described in this Filing Statement.

All information contained in this Filing Statement with respect to Saturna Green Systems Inc. ("Saturna") and its business has been provided by Saturna , and with respect to such information, Kenna Resources Corp. and its directors and officers have relied on Saturna

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NOTICE CONCERNING FORWARD-LOOKING STATEMENTS

This Filing Statement contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer or Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include: (A) the completion of the Acquisition; (B) the description of the Resulting Issuer that assumes completion of the Acquisition; (C) the completion of the Consolidation; (D) the intention to grow the business and operations of the Resulting Issuer; (E) anticipated timing for the availability of Saturna's products to market and expected sale prices; (F) expected growth in the number of users of vehicle sharing in Canada and globally; and (G) the proposed executive compensation for the executives of the Resulting Issuer. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Filing Statement. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of the Issuer to obtain necessary financing; satisfying the requirements of the Exchange with respect to the Acquisition; the economy generally; consumer interest in the products of the Resulting Issuer; competition; and anticipated and unanticipated costs. These forward-looking statements should not be relied upon as representing the Issuer's views as of any date subsequent to the date of this Filing Statement. Although the Issuer has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Issuer, the Resulting Issuer or Saturna. Additional factors are noted under "Part IV – Description of Risk Factors Associated with the Acquisition" in this Filing Statement. The forward-looking statements contained in this Filing Statement are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Filing Statement are made as of the date of this Filing Statement and neither of the Issuer nor Saturna undertakes an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

GLOSSARY

The following terms used in this Filing Statement have the meanings set forth below. Unless otherwise indicated, all currency references are to Canadian dollars.

"**Acquisition**" means the acquisition by the Issuer of all of the issued and outstanding securities of Saturna pursuant to the Acquisition Agreement;

"**Acquisition Agreement**" means the share exchange agreement to be dated the date of Closing, among the Issuer, Saturna and the securityholders of Saturna, setting forth the terms and conditions of the Acquisition;

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

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

(a) one of them is the Subsidiary of the other, or

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

A Company is "controlled" by a Person if:

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

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

A Person beneficially owns securities that are beneficially owned by:

(a) a Company controlled by that Person, or

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

"**Amended and Restated Royalty Agreement**" means the amended and restated Royalty Agreement among Saturna, Kenna and RoyaltyCo., to be entered into concurrently with Closing;

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

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

(b) any partner of the Person,

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

(d) in the case of a Person, a relative of that Person, including

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

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

(e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the rules and policies of the Exchange with respect to that Member firm, Member corporation or holding company;

"**BCBCA**" means the *Business Corporations Act* (British Columbia);

"**Berytech**" means BTFII and BTFM;

"**Berytech Business Arrangement**" has the meaning given to it under the heading "Overall Performance – Business Arrangement" in the Management Discussion and Analysis of Saturna attached as Schedule "D" hereto;

"**Berytech Warrant**" has the meaning given to it on page 45;

"**BTFII**" means Berytech Fund II s.a.l. (Holding);

"**BTFM**" means Berytech Fund Management s.a.l. (Holding);

"**Board**" means the board of directors of the Issuer or Resulting Issuer, as the context requires;

"**Bridge Loan**" has the meaning given to it on page 38;

"**Business Day**" means a day which is not a Saturday, Sunday or statutory or civic holiday in the City of Vancouver, British Columbia;

"**CANbus**" means Controller Area Network bus, which is a serial port used to send digital signals and is used by Saturna for in-vehicle communication;

"**Call Option Agreement**" means the agreement between Anwar Sukkarie and Saturna dated February 3, 2016, pursuant to which Saturna may require Mr. Sukkarie to transfer to it 11,999 B shares in the capital of Loop in consideration of US$1.00, upon the exercise of the Berytech Warrant by BTFII;

"**Capital Markets Advisory Agreements**" has the meaning given to it on page 39;

"**Closing**" means the closing of the Acquisition;

"**Common Shares**" means the Class "A" Shares of the Issuer or Resulting Issuer, as the context requires;

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

"**Consolidation**" means the 1.469565217 to 1 consolidation of the Issuer's Common Shares to take place immediately prior to Closing, resulting in 5,618,616 Common Shares of the Issuer being issued and outstanding immediately prior to Closing;

"**Control Person**" means, in respect of an issuer, any Person that holds or is one of a combination of Persons that hold a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer, except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**CPC**" means a corporation that: (a) has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with Exchange Policy 2.4 – *Capital Pool Companies*; and (b) in regard to which no Qualifying Transaction has yet been completed.

"**Debentures**" has the meaning given to it on page 37;

"**Discounted Market Price**" has the meaning ascribed to such term in Exchange Policy 1.1 Interpretation;

"**Eligible Persons**" has the meaning given to it on page 18;

"**Escrow Agent**" means the Transfer Agent, in its capacity as escrow agent for the Common Shares held in escrow under the Value Security Escrow Agreement to be entered into prior to Closing;

"**EV**" means an electric vehicle;

"**Exchange**" means the TSX Venture Exchange Inc.;

"**Filing Statement**" means this filing statement;

"**Final Exchange Bulletin**" means the Exchange bulletin which is issued following Closing and the submission of post-approval documents, and which evidence the final Exchange acceptance of the Acquisition;

"**Fortuna**" means Fortuna Investment Corp.;

"**GSM**" means the standard developed by the European Telecommunications Standards Institute to describe the protocols for second-generation (2G) digital cellular networks used by mobile phones;

"**IFRS**" means the International Financial Reporting Standards, as adopted by the Canadian Accounting Standards Board;

"**Initial Markets**" means Vancouver, British Columbia, London, England and Beirut, Lebanon;

"**Insider**" if used in relation to an issuer, means:

(a) a director or senior officer of the issuer;

(b) a director or senior officer of the Company that is an Insider or Subsidiary of the issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or

(d) the issuer itself if it holds any of its own securities;

"**IPO**" means the initial public offering of Common Shares of the Issuer that occurred on April 8, 2010;

"**Issuer**" or "**Kenna**" means Kenna Resources Corp., prior to the completion of the Acquisition;

"**Issuer Financial Statements**" means the audited financial statements of the Issuer for the financial years ended December 31, 2015 and 2014, which are attached to this Filing Statement as Schedule "A";

"**Letter of Intent**" means the letter of intent dated as of February 18, 2016 entered into between the Issuer and Saturna relating to the Acquisition, as amended to date;

"**Liquidity Event**" has the meaning given to it on page 37;

"**Loop**" means Loop s.a.l., a corporation incorporated pursuant to the laws of Lebanon;

"**LOOP**" or "**LOOPShare**" means end-to end scooter-sharing platform comprised of a ruggedized touch-screen dashboard display, mobile application, web-based application and a third party electric scooter customized and white labeled for Saturna's exclusive use;

"**Mahindra**" means Mahindra Tractor Assembly Inc., a Delaware, USA incorporated subsidiary of Mahindra and Mahindra Limited, an Indian multinational automobile manufacturing corporation headquartered in Mumbai, India;

"**Master Agreement**" means the master agreement dated February 3, 2016, among Berytech, Saturna, Loop and Anwar Sukkarie, a director and officer of Saturna;

"**Maximum PP**" means an aggregate total of 10,000,000 Common Shares distributed under the Private Placement for gross proceeds to the Issuer of $2,000,000;

"**Member**" has the meaning ascribed to such term in Rule A.1.00 of the rules and policies of the Exchange;

"**Minimum PP**" means an aggregate total of 6,000,000 Common Shares distributed under the Private Placement for gross proceeds to the Issuer of $1,200,000;

"**Non-Arm's Length Party**" means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person;

"**OEM**" means an original equipment manufacturer, being a Company that makes a part or subsystem that is used in another Company's end product;

"**Performance Shares**" means the up to 3,499,999 Common Shares issuable to Anwar Sukkarie pursuant to the Sukkarie Employment Agreement;

"**Person**" means a Company or an individual;

"**Policy 5.2**" means Policy 5.2 – *Changes of Business and Reverse Takeovers*, of the Exchange;

"**PP Finder Warrants**" means the Common Share purchase warrants to be issued to the PP Finders upon closing of the Private Placement;

"**PP Finder Fees**" means a cash fee equal to 8% of the gross proceeds raised from the sale of Common Shares sold to persons introduced by the PP Finders to the Issuer, pursuant to the Private Placement, and payable to the PP Finders upon closing of the Private Placement;

"**PP Finders**" means those persons whom will receive PP Finder Warrants and PP Finder Fees;

"**Private Placement**" means the non-brokered private placement of the Issuer, to close substantially concurrently with the Acquisition, at a price of $0.20 per Common Share (post-Consolidation) of the Issuer, of at least the Minimum PP and of up to the Maximum PP;

"**Pro Forma Financial Statements**" means the unaudited pro forma balance sheet for the Resulting Issuer as at December 31, 2015 to give effect to the Acquisition as if it had taken place as of May 29, 2016 which is attached to this Filing Statement as Schedule "E";

"**PTO**" means the United States Patent and Trademark Office;

"**Qualifying Transaction**" or "**QT**" means a transaction where a CPC acquires significant assets other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means;

"**Resulting Issuer**" means Kenna Resources Corp. following the issuance of the Final Exchange Bulletin;

"**Resulting Issuer Stock Option Plan**" means, post-Closing of the Acquisition, the stock option plan of the Resulting Issuer, in the form of the Stock Option Plan;

"**Royalty Agreement**" means the royalty agreement dated December 31, 2014, between Saturna and RoyaltyCo, which will be of no further force or effect on execution of the Amended and Restated Royalty Agreement;

"**RoyaltyCo.**" means 1022313 B.C. Ltd., the shareholders of which are employees and contractors of Saturna, including Juliet Jones and Anwar Sukkarie, who are directors and officers of Saturna;

"**RTO Finder's Fee Agreement**" means the finder's fee agreement between the Issuer and Fortuna to be dated as of the date of Closing, pursuant to which Fortuna will receive 1,397,074 Common Shares at a deemed price of $0.20 per Common Share upon Closing, in consideration of the services provided by Fortuna in introducing the Issuer to Saturna;

"**Saturna**" means Saturna Green Systems Inc.;

"**Saturna Financial Statements**" means the audited annual financial statements of Saturna for the financial years ended December 31, 2015 and 2014, which are attached to this Filing Statement as Schedule "C";

"**Saturna Preferred Shares**" means the issued and outstanding preferred shares of Saturna, being 40,320 preferred shares, which will be redeemed by Saturna concurrently with Closing for an aggregate redemption price of $60,480;

"**Saturna Shares**" means Class A common shares without par value in the capital of Saturna;

"**Shareholders**" means the holders of the Common Shares;

"**SGS Platform**" means Saturna's embedded and intelligent wireless communications and computing platform for lightweight, inner city small vehicles, motorcycles, scooters and e-bikes;

"**SR&ED**" means Scientific Research and Experimental Development Refundable Tax Credits, pursuant to the Scientific Research and Experimental Development Tax Incentive Program of the Government of Canada;

"**Stock Option Plan**" or "**Plan**" means the stock option plan of the Issuer;

"**Subsidiary**" includes, with respect to any Person, Company, partnership, limited partnership, trust or other entity, any Company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such Person, Company, partnership, limited partnership, trust or other entity;

"**Sukkarie Employment Agreement**" means the agreement between Anwar Sukkarie and Saturna, dated effective January 1, 2016;

"**SVD400**" means Saturna's SVD400 device, being a 7" ruggedized touch screen display that replaces the traditional analog dashboard of a two wheel electric vehicle;

"**SVD400G**" means Saturna's SVD400G device, being the SVD400 device with 3G connectivity;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

"**Telematics**" refers to the use of wireless devices to transmit data in real time back to an organization and is typically used in the context of vehicles and fleets of vehicles;

"**Transfer Agent**" means Equity Financial Trust Company, the transfer agent and registrar of the Issuer;

"**Unit Warrants**" has the meaning given to it on page 36;

"**Value Security Escrow Agreement**" means the escrow agreement in Form 5D to be entered into by and among the Escrow Agent, the Resulting Issuer and certain principals of the Resulting Issuer on or before Closing; and

"**25% Discount**" has the meaning given to it on page 37.

SUMMARY OF FILING STATEMENT

The following is a summary of information related to the Issuer, Saturna and the Resulting Issuer (assuming completion of the Acquisition) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Certain capitalized words and terms are defined in the Glossary. Unless otherwise indicated, all currency references are to Canadian dollars.

THE ISSUER

The Issuer was incorporated on September 25, 2009, by Certificate of Incorporation issued pursuant to the provisions of *The Business Corporations Act* (Saskatchewan) under the name "Kenna Capital Corp.". On April 8, 2010, the Issuer completed its CPC IPO and the Common Shares began trading on the Exchange on April 15, 2010 under the symbol “MMG.P”. On March 28, 2012, the Issuer completed its QT and ceased to be a CPC. On June 8, 2012, the Issuer changed its name to “Kenna Resources Corp.” and began trading under the symbol “KNA”. The Issuer completed a continuation out of Saskatchewan and into British Columbia under the BCBCA on September 4, 2014. The Issuer was formerly engaged in the acquisition and exploration of natural resource properties and has ceased all resource acquisition and exploration activity in preparation for the Acquisition. See “Part I – The Issuer – Information Concerning the Issuer”.

SATURNA

Saturna was incorporated under the BCBCA on June 23, 2010. The principal activities of Saturna are the development and commercialization of an end-to-end Telematics Platform that brings the benefits of mobile connectivity to owners’ of electric bicycles, scooters and motorcycles, their manufacturers, dealers, and related services. Saturna’s Platform is specially designed for EVs, it resolves range and charging challenges, and makes EV more practical to own and operate as fleets. See “Part II – Saturna – General Development of the Business”.

THE REVERSE TAKEOVER

Management of the Issuer has identified the Acquisition as a transaction mutually beneficial for both the Issuer and Saturna. Pursuant to the Acquisition, the Issuer will acquire 100% of the issued and outstanding securities of Saturna and that the Resulting Issuer will be engaged in Saturna’s business, after the Acquisition.

The terms of the Acquisition were determined pursuant to arm's length negotiations between the Issuer and Saturna.

In connection with the Acquisition and prior to Closing, the Common Shares of the Issuer will be consolidated on a 1.469565217 to 1 basis, resulting in 5,618,616 Common Shares of the Issuer being issued and outstanding immediately prior to Closing. The Issuer’s constating documents do not require Shareholder approval of the Consolidation. In connection with the Consolidation, the outstanding Common Share purchase warrants of the Issuer will be adjusted accordingly. Except for historical issuance information and information regarding the capitalization of the Issuer as of the date of this Filing Statement, information in this Filing Statement concerning the Issuer’s Common Shares, including the number of Common Shares to be issued in connection with the Acquisition and the Private Placement, and information as to the capitalization of the Resulting Issuer, are presented on a post-Consolidation basis. The Issuer has completed the Bridge Loan and the Issuer will complete the Private Placement substantially concurrently with Closing. See “Part I – The Issuer – The Acquisition”.

The Acquisition will be completed by way of a reverse takeover pursuant to Policy 5.2, and pursuant to the terms of the Acquisition Agreement, being primarily that the Issuer will issue Common Shares to the shareholders of Saturna, in exchange for the delivery to the Issuer of all of the issued and outstanding Saturna Shares at an exchange ratio of 3.35 Common Shares (26,191,470 total shares at a deemed issue price of $0.20 per Common Share) for each Saturna Share (7,818,349 total shares). Each shareholder of Saturna shall be entitled to receive its pro rata proportion of such Common Shares based on the number of Saturna Shares exchanged. No fractional Common Shares will be issued. Outstanding convertible securities of Saturna will be exchanged on equivalent terms. Note that the numbers referenced above are subject to minor deviation as a result of the effects of rounding at the individual shareholder level. See “Part III – The Resulting Issuer – Pro Forma Consolidated Capitalization – Pro-Forma Fully Diluted Share Capital of the Resulting Issuer”.

The Acquisition is subject to certain conditions, including, but not limited to, receiving all necessary regulatory and third party approvals, and the Exchange being satisfied that after completion of the Acquisition the Issuer will satisfy the Exchange's minimum listing requirements in order to become a Tier 2 Technology Issuer.

In consideration of the services provided by Fortuna in introducing the Issuer to Saturna, the Issuer entered into the RTO Finder's Fee Agreement which provides that Fortuna will be paid 1,397,074 Common Shares at a deemed price of $0.20 per Common Share upon Closing. See "Part I – The Issuer – The Acquisition".

THE RESULTING ISSUER

Following the Closing, Saturna will be a wholly owned subsidiary of the Resulting Issuer. The capital structure of the Resulting Issuer will remain unchanged, other than for the Consolidation and the issuances of securities contemplated by the Private Placement and the Acquisition. Upon completion of the Acquisition and subject to the approval of the Exchange, the Resulting Issuer is expected to become a Tier 2 Technology Issuer on the Exchange. Immediately prior to completion of the Acquisition, it is anticipated that the Issuer will change its name to "LoopShare Inc." or such other name as may be selected by the directors, in their discretion, and accepted by the Exchange. See "Part III – The Resulting Issuer – Business and Strategy of the Resulting Issuer".

DIRECTORS AND OFFICERS OF THE RESULTING ISSUER

The proposed directors and officers of the Resulting Issuer following the Closing are as follows:

Name and Municipality of Residence	Proposed Position With Resulting Issuer
Anwar Sukkarie, Vancouver, B.C.	CEO, Director
Juliet Jones, West Vancouver, B.C.	CFO, Corporate Secretary, Director
Sean Bromley, Vancouver, BC	Director(1)
Paul Chucrallah, Hazmeih, Lebanon	Director(1)
Saood Aljneibi, Abu Dhabi, UAE	Director(1)

Note:

(1) Proposed member of the audit committee.

See "Part III – The Resulting Issuer – Proposed Directors and Officers".

INTEREST OF INSIDERS, PROMOTERS OR CONTROL PERSONS

No Insider, promoter or Control Person of the Issuer or its Associates and Affiliates (before giving effect to the Acquisition) has any interest in Saturna.

ARM'S LENGTH TRANSACTION

The Acquisition constitutes an Arm's Length Transaction within the meaning of the policies of the Exchange.

AVAILABLE FUNDS AND PRINCIPAL USES

Upon Closing and assuming completion of the Minimum PP, the Resulting Issuer is expected to have approximately $1,705,600 available to it. Upon Closing and assuming completion of the Maximum PP, the Resulting Issuer is expected to have approximately $2,457,600 available to it.

The following table sets forth the estimated total funds available to the Resulting Issuer, assuming completion of the Acquisition:

	Minimum PP	**Maximum PP**
Consolidated current working capital (deficiency) calculated as of May 29, 2016, after pro forma adjustments	$687,600	$687,600
Gross proceeds from Private Placement	$1,200,000	$2,000,000
Estimated costs of the Private Placement and the Acquisition(1)	($182,000)	($230,000)
Total available funds	**$1,705,600**	**$2,457,600**

Note:

(1) Includes $32,000 payable as the PP Finder Fee assuming the PP Finder Fee is payable on 33% of the issuance pursuant to the Minimum PP or $80,000 as the PP Finder Fee assuming the PP Finder Fee is payable on 50% of the issuance pursuant to the Maximum PP.

The following table sets forth the expected use of proceeds by the Resulting Issuer, assuming completion of the Acquisition:

	Minimum PP	**Maximum PP**
Engineering and design	$526,591(1)	$879,390(2)
Sales and marketing	$271,800(3)	$463,180(4)
Operations and administration	$663,582(5)	$778,642(6)
Redemption of Preferred Shares(7)	$60,480	$60,480
Settlement of $150,000 loan from Anwar Sukkarie(8)	$75,000	$150,000
General unallocated working capital	$108,147	$125,908
Total use of proceeds	**$1,705,600**	**$2,457,600**

Notes:

(1) Comprised of $162,140 for development of hardware and $364,451 for the development of applications, in the event the Minimum PP is completed. See "Part III – The Resulting Issuer – Business and Strategy of the Resulting Issuer – Stated Business Objectives – Principal Products."

(2) Comprised of $227,180 for development of hardware, $652,210 for the development of applications, in the event the Maximum PP is completed. See "Part III – The Resulting Issuer – Business and Strategy of the Resulting Issuer – Stated Business Objectives – Principal Products."

(3) Comprised of $5,750 for final website development for LOOP scooter sharing program, $12,667 for travel and attendance at tradeshows, $157,277 for trial launch costs and $96,106 for general and corporate marketing and communications. See "Part III – The Resulting Issuer – Business and Strategy of the Resulting Issuer – Stated Business Objectives – Marketing Plans and Strategies."

(4) Comprised of $5,750 for final website development for LOOP scooter sharing program, $45,233 for travel and attendance at tradeshows, $307,277 for trial launch costs and $104,920 for general and corporate marketing and communications. See "Part III – The Resulting Issuer – Business and Strategy of the Resulting Issuer – Stated Business Objectives – Marketing Plans and Strategies."

(5) Comprised of $505,662 for general and administrative costs and $157,920 for operations, in the event the Minimum PP is completed.

(6) Comprised of $620,722 for general and administrative costs and $157,920 for operations, in the event the Maximum PP is completed.

(7) The Saturna Preferred Shares will be redeemed for cash proceeds of $60,480 concurrently with the Closing.

(8) Two $75,000 non-interest bearing loans. The first loans will be repaid after closing and the second loan will be payable $9,200 for every $10,000 of equity raised above $1.35 million; or from the net proceeds from refundable tax credits. See "Part III – The Resulting Issuer – Executive Compensation – Employment Arrangements and Agreements".

See "Part III – The Resulting Issuer – Available Funds and Principal Uses". The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements to meet its objectives, in which case the Resulting Issuer expects to either issue additional Common Shares or incur indebtedness. There is no assurance that additional funding required by the Resulting Issuer would be available on commercially reasonable terms, or at all, if required. However, it is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives over at least the next 12 months. The Resulting Issuer's intentions to spend the available funds as set forth above are based on the current expectations of management; however, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. Any such reallocation will be determined at the discretion of the Resulting Issuer's management, and there can be no assurance as of the date of this Filing Statement as to how those funds may be reallocated.

SELECTED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The table below sets out certain pro forma financial data for the Resulting Issuer as at December 31, 2015, consolidated and adjusted to give effect to the Acquisition as if it had occurred at May 29, 2016. The summary unaudited pro forma consolidated financial information below is derived from the Pro Forma Financial Statements and should be read in conjunction with the Pro Forma Financial Statements, related notes and other financial information appearing elsewhere in this Filing Statement. See the Pro Forma Financial Statements attached hereto as Schedule "E".

Total Assets	$3,138,183
Total Liabilities	$936,750

MARKET FOR SECURITIES AND MARKET PRICE

The Common Shares of the Issuer are listed on the Exchange under the trading symbol "KNA" and were halted from trading on February 18, 2016 pending Closing of the Acquisition. The closing market price of the Common Shares on February 17, 2016, the last day on which there could have been a trade of Common Shares prior to the announcement of the Letter of Intent, was $0.115 (on a pre-Consolidation basis). It is anticipated that the Common Shares will begin trading on the Exchange upon completion of the Acquisition under the symbol "LPS". See "Part I – The Issuer – Stock Exchange Price".

There is no public market for the Saturna Shares.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies under the BCBCA. See "Part IV – Description of Risk Factors Associated with the Acquisition".

SPONSORSHIP

The Issuer has applied to the Exchange for a waiver in respect of its requirement pursuant to Policy 5.2 that the Issuer obtain sponsorship in connection with the Acquisition.

See "Part III – The Resulting Issuer – Sponsorship".

INTEREST OF EXPERTS AND CONSULTANTS

No Person who is named as having prepared or certified a part of the Filing Statement or prepared or certified a report or valuation described or included in the Filing Statement has, or will have, upon completion of the Acquisition, any direct or indirect interest in the Resulting Issuer. See “Part III – The Resulting Issuer – Experts.”

CONDITIONAL APPROVAL

The Issuer has applied for the Exchange’s acceptance of the Acquisition, and will obtain same prior to Closing.

RISK FACTORS

There are inherent risks in the business of the Issuer and in the business of Saturna. The Acquisition must be considered speculative due to the nature of the business of the Issuer and Saturna, and each company’s relatively formative stage of development. Shareholders of the Issuer must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Issuer and the Resulting Issuer. There is no guarantee that the Resulting Issuer will be able to secure future financing to meet its future needs on reasonable terms, or at all. The business of the Resulting Issuer will be subject to risks and hazards related to the Issuer and Saturna, some of which are beyond its control.

See “Part IV – Description of Risk Factors Associated with the Acquisition”.

PART I – THE ISSUER

Information in this Part I is given as of the date of this Filing Statement, prior to the completion of the Consolidation, the Private Placement and the Acquisition, unless otherwise noted.

INFORMATION CONCERNING THE ISSUER

Corporate Structure

The Issuer was incorporated on September 25, 2009, by Certificate of Incorporation issued pursuant to the provisions of *The Business Corporations Act* (Saskatchewan) under the name "Kenna Capital Corp.". On April 8, 2010, the Issuer completed its CPC IPO and the Common Shares began trading on the Exchange on April 15, 2010, under the symbol "MMG.P". On March 28, 2012, the Issuer completed its QT and ceased to be a CPC. On June 8, 2012, the Issuer changes its name to "Kenna Resources Corp." and began trading under the symbol "KNA". The Issuer completed a continuation out of Saskatchewan and into British Columbia under the BCBCA on September 4, 2014. The Issuer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. The principal regulator of the Issuer is the British Columbia Securities Commission and the head office and registered office of the Issuer is located at Suite 162 - 2906 West Broadway, Vancouver, BC V6K 2P6.

The share capital of the Issuer consists of an unlimited number of Common Shares. As of the date hereof, 8,256,922 (pre-Consolidation) Common Shares are issued and outstanding.

The Issuer has no Subsidiaries.

The Common Shares were halted from trading on February 18, 2016, pending Closing.

Overview of the Business

Kenna previously engaged principally in the acquisition and exploration of mineral resources properties.

THE ACQUISITION

Management of the Issuer has identified the Acquisition as a transaction mutually beneficial for both the Issuer and Saturna. Pursuant to the Acquisition, the Issuer will acquire 100% of the issued and outstanding Saturna Shares and other securities of Saturna in exchange for a number of Common Shares and equivalent other securities, respectively, as described herein.

The terms of the Acquisition were determined pursuant to arm's length negotiations.

In connection with the Acquisition, the Common Shares of the Issuer will be consolidated on a 1.469565217 to 1 basis, resulting in 5,618,616 Common Shares of the Issuer being issued and outstanding immediately prior to Closing. The Issuer's constating documents do not require Shareholder approval of the Consolidation. Except for historical issuance information and information regarding the capitalization of the Issuer as of the date of this Filing Statement, information in this Filing Statement concerning the Issuer's Common Shares, including the number of Common Shares to be issued in connection with the Acquisition and the Private Placement, and information as to the capitalization of the Resulting Issuer, are presented on a post-Consolidation basis. The Issuer has completed the Bridge Loan and the Issuer will complete the Private Placement concurrently with Closing.

The Acquisition will be completed by way of a reverse takeover pursuant to the terms of the Acquisition Agreement. The Issuer will issue Common Shares to the shareholders of Saturna, in exchange for the delivery to the Issuer of all of the issued and outstanding Saturna Shares at an exchange ratio of 3.35 Common Shares (26,191,470 total shares at a deemed issue price of $0.20 per Common Share) for each Saturna Share (7,818,349 total shares). Each shareholder of Saturna shall be entitled to receive its pro rata proportion of such Common Shares based on the number of Saturna Shares exchanged. No fractional Common Shares will be issued. Outstanding convertible securities of Saturna will be exchanged on equivalent terms.

Note that the numbers referenced above are subject to minor deviation as a result of the effects of rounding at the individual shareholder level.

See “Part III – The Resulting Issuer – Pro Forma Consolidated Capitalization – Pro-Forma Fully Diluted Share Capital of the Resulting Issuer” for further details.

The Acquisition is subject to certain conditions, including, but not limited to, receiving all necessary regulatory and third party approvals, and the Exchange being satisfied that after completion of the Acquisition the Issuer will satisfy the Exchange’s minimum listing requirements in order to become a Tier 2 Technology Issuer.

In consideration of the services provided by Fortuna in introducing the Issuer to Saturna, the Issuer will enter into the RTO Finder’s Fee Agreement which provides that Fortuna will be paid 1,397,074 Common Shares at a deemed price of $0.20 per Common Share upon Closing.

THE PRIVATE PLACEMENT

Concurrent with the Closing, the Issuer will complete a non-brokered private placement of no less than 6,000,000 post-Consolidation Common Shares and up to 10,000,000 post-Consolidation Common Shares at a price of $0.20 per share for minimum gross proceeds of $1,200,000 and maximum gross proceeds of $2,000,000.

In connection with the Private Placement, the Issuer will pay the PP Finder Fees and issue such number of PP Finder Warrants as is equal to 8% of the number of Common Shares sold to persons introduced by the PP Finders to the Issuer pursuant to the Private Placement. Each PP Finder Warrant will entitle the holder to acquire one Common Share of the Resulting Issuer at a price of $0.37 per Common Share for a period of two years from closing of the Private Placement.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER

Selected Financial Information

The following information is taken from and should be read in conjunction with the Issuer Financial Statements and related notes thereto attached hereto as Schedule “A” and “Management’s Discussion and Analysis” included at Schedule “B” to this Filing Statement.

Item	Financial Year Ended December 31, 2015	Financial Year Ended December 31, 2014	Financial Year Ended December 31, 2013
Total expenses	$187,766	$274,846	$56,591
Amounts deferred in connection with the Acquisition	$Nil	$Nil	$Nil

Management’s Discussion and Analysis

See Schedule “B” for Management’s Discussion and Analysis of the Issuer for the financial year ended December 31, 2015.

DESCRIPTION OF THE SECURITIES OF THE ISSUER

The Issuer is authorized to issue an unlimited number of Common Shares of which 8,256,922 (pre-Consolidation) Common Shares are issued and outstanding as fully paid and non-assessable as at the date hereof. See “Part I – The Issuer – Prior Sales” and “Part I – The Issuer – Options to Purchase Securities of the Issuer”.

The holders of the Common Shares are entitled to dividends, if, as and when declared by the Board, to receive notice of and attend all meetings of shareholders of the Issuer, to one vote per share at such meetings and, upon liquidation, to rateably receive such assets of the Issuer as are distributable to the holders of the Common Shares.

In connection with the Acquisition, the Common Shares of the Issuer will be consolidated on a 1.469565217 to 1 basis, resulting in 5,618,616 Common Shares of the Issuer being issued and outstanding immediately prior to Closing. The Issuer's constating documents do not require Shareholder approval of the Consolidation. Except for historical issuance information and information regarding the capitalization of the Issuer as of the date of this Filing Statement, information in this Filing Statement concerning the Issuer's Common Shares, including the number of Common Shares to be issued in connection with the Acquisition and the Private Placement, and information as to the capitalization of the Resulting Issuer, are presented on a post-Consolidation basis.

OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

Outstanding Stock Options

The Issuer has no outstanding incentive stock options.

Stock Option Plan Terms

The only equity compensation plan which the Issuer currently has in place is the Stock Option Plan, approved by the shareholders of the Issuer on March 31, 2016 which is a 10% "rolling" plan. The following is a summary of the material terms of the Plan (capitalized terms used and not defined herein have the meanings ascribed thereto in the Plan, a copy of which is available under the Issuer's profile at www.sedar.com):

Number of Shares Reserved. The number of Common Shares reserved for issuance under the Plan is 10% of the number of Common Shares outstanding at any given time.

Administration. The Plan is to be administered by the Board or by a committee to which such authority is delegated by the Board from time to time.

Eligible Persons. The Plan provides that stock options may be issued only to Directors, officers, employees, and consultants of the Issuer or of any consultant companies providing management or administrative services to the Company, and to consultant companies themselves. Such persons and entities are referred to herein as "**Eligible Persons**".

Board Discretion. The Plan provides that, generally, the number of shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable and other terms and conditions relating to such options shall be determined by the Board or any committee to which such authority is delegated by the Board from time to time.

Maximum Term of Options. Options granted under the Plan will be for a term not exceeding 10 years.

Maximum Options per Person. The number of shares reserved for issuance to any one option holder pursuant to options granted under the Plan during any twelve month period may not exceed 5% (or, in the case of a Consultant, 2%) of the outstanding shares of the Issuer at the time of grant. The number of shares reserved for issuance to Consultants and Employees who are engaged in investor relations activities is limited to an aggregate of 2% of the outstanding shares of the Issuer at the time of grant.

No Assignment. The options may not be assigned or transferred.

Termination Prior to Expiry. Generally, options must expire and terminate on a date stipulated by the Board at the time of grant and, in any event, must terminate within a reasonable period to be determined by the Administrator commencing on the effective date the optionee ceases to be employed by or provide services to the Issuer (but only to the extent that such Option has vested on or before the date the optionee ceased to be so employed or provide services to the Issuer) as provided for in the written option agreement between the Company and the optionee, and all rights to purchase Common Shares under such Option will expire as of the last day of such Exercise Period, provided however that the maximum Exercise Period shall be six (6) months, unless the optionee has entered into a valid employment or consulting agreement that provides for a longer Exercise Period, but in no case shall the Exercise Period be greater than one (1) year unless prior Exchange approval has been given. If an option holder dies, the options of the deceased option holder will be exercisable by his or her estate for a period not exceeding 12 months or the balance of the term of the options, whichever is shorter.

Exercise Price. Options granted under the terms of the Plan will be exercisable at a price which is not less than the Discounted Market Price, as that term is defined in the Exchange policy manual as of the date hereof, or such other minimum price as is permitted by the Exchange in accordance with its policies from time to time.

Full Payment for Shares. The Issuer will not issue shares pursuant to options granted under the Plan unless and until the shares have been fully paid for. The Issuer will not provide financial assistance to option holders to assist them in exercising their options.

Reduction of Exercise Price. The exercise price of stock options granted to Insiders may not be decreased without disinterested shareholder approval.

Termination of Plan. The Plan will terminate when all of the options have been granted or when the Plan is otherwise terminated by the Issuer. Any options outstanding when the Plan is terminated will remain in effect until they are exercised or they expire.

PRIOR SALES

Since the date of incorporation of the Issuer, Common Shares have been issued as set forth in the table below. The Issuer completed a consolidation on a 10:1 basis on September 15, 2014 (the "**2014 Consolidation**").

Date	Number of Common Shares Issued	Issue Price	Gross Proceeds from Sale of Common Shares	Number of Common Shares Issued, after Giving Effect to the 2014 Consolidation and the Consolidation	Nature of Consideration Received
13-Nov-09	3,845,100	$0.10	$384,510	261,649	Cash
06-Apr-10	3,493,500	$0.20	$698,700	237,723	Cash
28-Mar-12	75,000	$0.12	$9,000	5,104	See Note 1
28-Mar-12	1,000,000	$0.12	$120,000	68,047	See Note 2
12-Apr-12	3,375	$0.20	$675	230	Cash
06-Nov-14	4,215,224(3)	$0.115	$484,751	2,868,348	Cash
18-Dec-15	3,200,000(3)	$0.115	$368,000	2,177,515	Cash
Total	**15,832,193**		**$2,065,636**	**5,618,615**	

Notes:

(1) Issued as a finder's fee pursuant to the Issuer's Qualifying Transaction.

(2) Issued as partial consideration pursuant to the Issuer's Qualifying Transaction.

(3) These Common Shares were issued pursuant to a private placement of units of the Issuer. Each such unit was comprised of one Common Share and one half of one Common Share purchase warrant. The units were issued at a price of $0.115 per unit.

The authorized share capital of the Issuer consists of an unlimited number of Common Shares without nominal or par value. As of the date of this Filing Statement there are 8,256,922 Common Shares issued and outstanding (prior to giving effect to the Consolidation).

STOCK EXCHANGE PRICE

The Common Shares were first listed for trading on the Exchange on April 15, 2010. Trading in the Common Shares on the Exchange was halted on February 18, 2016, when the Letter of Intent was announced, and is expected to remain halted until Closing. The closing price of the Common Shares on the Exchange on February 17, 2016, was $0.115.

The following table sets forth the (pre-Consolidation) price ranges and trading volume of the Common Shares on the Exchange on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next seven quarters:

Period	High Trading Price ($)	Low Trading Price ($)	Volume (#)
April 1 to date of this Filing Statement[(1)]	N/A	N/A	N/A
Quarter ended March 31, 2015[(2)]	0.12	0.08	506,000
Quarter Ended December 2015	0.12	0.085	559,009
Quarter Ended September 2015	0.165	0.085	1,245,918
Quarter ended June 30, 2015	0.17	0.10	48,200
Quarter ended March 31, 2015	0.205	0.15	19,000
Quarter Ended December 2014	0.54	0.15	100,700
Quarter Ended September 2014	0.60	0.03	165,500
Quarter ended June 30, 2014	0.40	0.30	10,750

Notes:

(1) Trading in the Common Shares was halted by the Exchange on February 18, 2016, pending Closing.

(2) For the period from January 1, 2016 to February 17, 2016.

EXECUTIVE COMPENSATION OF THE ISSUER

Set out below are particulars of compensation paid to the following persons (each, a "**Kenna NEO**"):

(a) the Issuer's CEO;

(b) the Issuer's CFO;

(c) each of the Issuer's three most highly compensated executive officers, 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, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for the December 31, 2015 year end; and

(d) each individual who would be a Kenna NEO under paragraph (c) but for the fact the individual was neither an executive officer, nor acting in a similar capacity at December 31, 2015

During the financial year ended December 31, 2015, the Issuer had two Kenna NEOs, Timothy C. Fernback, the Issuer's President and CEO and Anthony K. Jackson, the Issuer's former CFO.

Compensation Discussion and Analysis

Compensation, Philosophy and Objectives

Remuneration plays an important role in attracting, motivating, rewarding and retaining knowledgeable and skilled individuals to the Issuer's management team. The Issuer does not have a formal compensation policy. The main objectives the Issuer hopes to achieve through its compensation are:

- to attract and retain executives critical to the Issuer's success, who will be key in helping the Issuer achieve its corporate objectives and increase shareholder value;
- to motivate the Issuer's management team to meet or exceed targets;
- to recognize the contribution of executive directors to the overall success and strategic growth of the Issuer; and
- to align the interests of management and the Issuer's shareholders by providing performance based compensation in addition to salary.

The Issuer's Board determines an appropriate amount of compensation for its executives, reflecting the need to provide incentive and compensation for the time and effort expended by the executives while taking into account the financial and other resources of the Issuer. The Issuer's Board has not considered the implications of the risks associated with the Issuer's compensation practices; however, given the Issuer's size and nature of compensation provided to its executives in the last fiscal year, the Board does not believe that the Issuer's compensation program results in unnecessary or inappropriate risk, taking including risks that are likely to have a material adverse effect on the Issuer.

The Issuer's management is not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities of the Issuer granted as compensation or held, directly or indirectly, by management. The Board determines the allocation and terms of any stock option grants.

Analysis of Elements

Base salary is used to provide the Kenna NEOs a set amount of money during the year with the expectation that each Kenna NEO will perform his responsibilities to the best of his ability and in the best interests of the Issuer.

The Issuer considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Issuer to reward each Kenna NEO's efforts to increase value for shareholders without requiring the Issuer to use cash from its treasury. Stock options are generally awarded to directors, officers, consultants and employees at the commencement of employment and periodically thereafter. The terms and conditions of the Issuer's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Plan.

Long Term Compensation and Option Based Awards

The Issuer has no long term incentive plans other than the Plan. Eligible Persons are entitled to participate in the Plan. The Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Plan aligns the interests of the Kenna NEOs and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Issuer's common shares.

The Board makes these determinations subject to and in accordance with the provisions of the Plan.

Pursuant to the Plan, the Board grants options to Eligible Persons as incentives. The level of stock options awarded to a Kenna NEO is determined by his position and his potential future contributions to the Issuer. The exercise price of stock options is determined by the Board but shall in no event be less than the trading price of the Common Shares of the Issuer on the Exchange at the time of the grant of the option. Previous grants of stock options are taken into account when considering new grants.

Compensation Governance

The Board determines an appropriate amount of compensation for its executives, reflecting the need to provide incentive and compensation for the time and effort expended by the executives while taking into account the financial and other resources of the Issuer. There are no risks identified by the Issuer's compensation policy or practices that would reasonably be likely to have a material adverse effect on the Issuer. The Issuer does not have a compensation committee.

Compensation of Kenna NEOs - Summary Compensation Table

The following table sets out information concerning the compensation paid by the Issuer to the Kenna NEOs for the financial years ended December 31, 2015 and 2014 (no compensation of any kind was paid to Kenna NEOs during the financial year ended December 31, 2013).

Name and Principal Position	Year Ended Dec 31.	Salary ($)	Share-Based Awards ($)	Option-Based Awards ($)	Non-Equity incentive plan compensation ($)		Pension Value ($)	All other Compen-sation ($)	Total Compen-sation ($)
					Annual Incentive Plans	Long-Term Incentive Plans			
Timothy C. Fernback President, CEO and Director	2015 2014	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	24,000(1) 14,000(1)	24,000 14,000
Anthony K. Jackson Former CFO and Director(2)	2015 2014	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	18,000(3) 10,500(3)	18,000 10,500

Notes:

(1) Pursuant to an agreement dated June 1, 2014 between the Issuer and TCF Ventures Corp. (a company controlled by Mr. Fernback), the Issuer paid the sum of $2,000 per month to TCF Ventures Corp. in exchange for the management services of Mr. Fernback, as well as the provision of office space, supplies and administrative services. The Resulting Issuer intends to terminate this contract concurrently with Closing.

(2) Mr. Jackson resigned as CFO and director on February 19, 2016. Sean Bromley was appointed as CFO on February 19, 2016.

(3) These amounts were paid as consulting fees to Bridgemark Financial Corp., a company owned and controlled by Mr. Jackson.

<u>Incentive Plan Awards</u>

The Issuer has no outstanding share-based or option-based awards.

Pension Plan Benefits

The Issuer does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

Termination and change of control benefits

The Issuer does not have any plan or arrangement to pay or otherwise compensate any Kenna NEO if his employment is terminated as a result of resignation, retirement, change of control, etc. or if his responsibilities change following a change of control.

Compensation of Directors

During the financial year ended December 31, 2015, the Issuer had one (1) director who was not also a Kenna NEO: Steven Low. Mr. Low did not receive any compensation during the year ended December 31, 2015. For a description of the compensation paid to the Named Executive Officers of the Issuer who also acted as directors, see "Compensation of Kenna NEOs - Summary Compensation Table" above.

Narrative Discussion

The Issuer currently does not pay directors who are not employees or officers of the Issuer for attending directors' meetings or for serving on committees. The Issuer has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Issuer for their services as directors, for committee participation, or for involvement in special assignments during the most recently completed financial year. None of the Issuer's directors have received any cash compensation for services provided in their capacity as directors during the Issuer's most recently completed financial year.

Termination and Change of Control Based Compensation

As at the date of this Filing Statement, there are no arrangements for payment to Kenna NEOs upon termination or a change of control event.

ARM'S LENGTH TRANSACTION

The Acquisition constitutes an Arm's Length Transaction within the meaning of the policies of the Exchange.

LEGAL PROCEEDINGS

The Issuer is not party to any legal proceedings and no such proceedings are known to the Issuer to be contemplated.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Issuer are Dale Matheson Carr-Hilton LaBonte LLP at its Vancouver office located at 1140 W Pender St. #1500-1700, Vancouver, BC V6E 4G1.

The Transfer Agent, Equity Financial Trust Company, at its office located at 1620-1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6, is the transfer agent and registrar for the Issuer's Common Shares.

MATERIAL CONTRACTS OF KENNA

The Issuer has entered into the following material contracts

(a) a Transfer Agent, Registrar and Disbursing Agent Agreement dated as of the 7th day of January, 2009, between Kenna and Equity Transfer & Trust Company; and

(b) the Letter of Intent.

The Issuer is not expected to enter into any further material contracts prior to Closing, other than:

(a) the Acquisition Agreement;

(b) the RTO Finder's Fee Agreement; and

(c) subscription agreements in respect of the Private Placement (which are not individually material but may be material in the aggregate).

Copies of these agreements will be available for inspection without charge at the offices of Boughton Law Corporation, at 700-595 Burrard St., Vancouver, BC V7X 1S8 until the date of Closing and a period of 30 days thereafter, and following Closing, the Acquisition Agreement will be filed on SEDAR at www.sedar.com.

PART II – SATURNA

CORPORATE STRUCTURE OF SATURNA

Name and Incorporation

Saturna was incorporated under the name Saturna Green Systems Inc. on June 23, 2010 under the BCBCA.

Saturna has its head office and registered office located at Suite 110-131 Water Street, Vancouver, BC, V6B 4M3.

Saturna does not currently have any subsidiaries. Upon the exercise of the Berytech Warrant, Berytech's 40% equity stake in Loop will be transferred to Saturna. Further, upon the exercise of the Berytech Warrant or the occurrence of an alternative sale transaction resulting in the sale of any or all of the shares of Loop held by BTFII, Saturna has the option to acquire the 59.995% of Loop currently owned by Anwar Sukkarie for US$1.00 pursuant to the Call Option Agreement (the remaining 0.005% of Loop shares will be held by a Lebanese citizen in accordance with and pursuant to Lebanese corporate law). See "Part II – Saturna – Non-Arm's Length Party Transactions of Saturna – The Master Agreement".

GENERAL DEVELOPMENT OF THE BUSINESS

History

Saturna is in the connected vehicle business with a primary focus on two-wheel electric vehicles. Saturna has developed the SVD400, a 7" ruggedized touch screen display that replaces the traditional analog dashboard of a two-wheel electric vehicle. The SVD400 is for assembly line installation on a vehicle manufacturer's assembly line.

On May 13, 2013, Saturna entered into an agreement with Mahindra to develop the SVD400 for Mahindra's line of electric scooters for the United States market. Saturna completed commercialization of the SVD400, received product acceptance from Mahindra and commenced shipping commercial units to Mahindra in 2015 under a 3,000 unit purchase order.

From Saturna's inception to December 31, 2015, being the date of Saturna's most recent financial statements, Saturna has reported total research and development costs of $2,036,020.

In 2015, Saturna commenced development of the SVD400G, a modified SVD400 device that provides 3G connectivity intended to enable a wide range of applications, including a series of applications that would allow operation of Saturna's planned vehicle sharing program, LOOPShare. Subsequent to December 31, 2015, Saturna produced a prototype SVD400G for installation on a specific model of scooter that it has selected for LOOPShare. Saturna is currently in the testing phase of this program. It is intended that scooters equipped with the SVD400G may be shipped directly from the manufacturer to applicable cities world-wide, for scooter sharing operations. Saturna also commenced development of a series of applications that would allow operation of a vehicle sharing service.

Narrative Description of the Business

Saturna is an unlisted, non-reporting company that was incorporated under the *Business Corporations Act* (British Columbia) on June 23, 2010.

Saturna is in the connected vehicle industry with a focus on two-wheel electric vehicles. Saturna's primary business is to leverage its advanced technology platform, with the intention of providing shared fleets of scooters for urban centers world-wide.

Saturna currently operates in one segment – the development and sale of connected vehicle and shared fleet management technology for factory installation on two-wheel vehicles. Saturna provides applications and services enabled by the SVD400. It is expected that Saturna will have two revenue sources: (1) the sale of SVD400s to OEMs for factory installation on two wheel vehicles; and (2) subject to completing the requisite development and commercialization activities, the provision of world-wide scooter sharing services through qualified operators worldwide. The SVD400 and related software platform are Saturna's current sources of revenue.

Saturna's current primary focus is on the launch of the LOOP scooter sharing service worldwide. Saturna is currently identifying qualified operators in each of its Initial Markets. Initially, Saturna has plans to launch field trials in the Initial Markets. Field trials will be followed with full scale roll out of the service in these cities and a targeted approach to identifying and contracting operators in other cities worldwide. Saturna's approach to distribution is to reach out from the executive level to generate interest and to engage market support from business associates, advisors, investors, suppliers and consultants to assist in identifying potential targets and potential markets. Saturna considers several factors in selecting potential markets for its service, including economic viability of the service, weather, market familiarity with scooters, existence of sharing economy, regulatory criteria and political climate. It is expected that Saturna will engage mid-level support to assist in managing the sales process.

In addition, Saturna will continue to approach scooter and motorcycle OEMs worldwide for sales of the SVD400 and SVD400G devices. Saturna currently markets to OEM customers world-wide through trade shows and through sales agents. Sales to top tier OEMs are commenced from the executive level with mid-level and sales agent support.

Principal Products

Saturna has developed the SVD400, a 7" ruggedized touch screen display that replaces the traditional analog dashboard of a two-wheel vehicle. Saturna sells the SVD400 to OEMs for assembly line installation on such OEMs' vehicles.

In 2015, Saturna commenced development on the SVD400G by modifying the SVD400 to provide for 3G connectivity, which is intended to enable a wide range of applications, including a series of applications that would allow operation of a vehicle sharing program. Subsequent to December 31, 2015, Saturna developed a prototype SVD400G for installation on a specific model of scooter that it has selected for its vehicle sharing program. Saturna is currently in the testing phase of this program. It is intended that scooters equipped with the SVD400G will be shipped directly from the manufacturer to select cities world-wide for scooter sharing operations.

Saturna reported revenue from OEM customers for customization, support and sales of its SVD400 device of $413,240 in 2015 (compared to $68,162 in 2014).

Saturna entered into an agreement with Mahindra on May 31, 2013, for the customization and development of SVD400 devices for factory installation on their electric scooters. During the year ended December 31, 2014, Saturna completed the development of the initial prototype version of the SVD400 and completed its testing of same. On January 21, 2015, Saturna received factory acceptance from Mahindra of the SVD400 and commenced shipping commercial units.

It is expected that Saturna will utilize available funds to provide an operational LOOP scooter sharing system for initial launch capabilities in 2016, followed by a full commercial LOOPShare product in 2017. Saturna typically conducts its own development activities; however, from time to time, it may use contractors to perform specialized, non-recurring portions of the development work and may license third party software. Where practical, it is expected that Saturna will continue to license software that is readily available to reduce time to market and manage development costs. Further, Loop shall engage with Saturna in software development on a project by project basis. See "Part II – Saturna – Non-Arm's Length Party Transactions of Saturna – Master Agreement".

Saturna has budgeted to expend $526,591 of the Minimum PP for development costs (or $879,390 if the Maximum PP is completed).

Saturna has budgeted to expend $162,140 on the Minimum PP for the following hardware development activities, expected to be carried out in the 12 month period following Closing ($227,180 if the Maximum PP is completed):

(1) Adjustments to hardware design to promote manufacturing savings, expected to be complete by June 30, 2017.

(2) Commercialization of the SVD400G device. SVD400G prototypes are currently in initial testing phase and the manufacturing of 200 units has commenced for factory installation on scooters for technical trials of the scooter sharing program, planned for the third quarter of 2016. Saturna will work with its scooter supplier to homologate the scooters equipped with the SVD400G device for the Initial Markets, ensuring that when scooters arrive at their destinations they meet transport authorities' requirements. Homologation is the approval process through which a vehicle receives certification from transport authorities or other location regulators to permit importation and road use.

(3) Certification of the SVD400G device. Certification is targeted to be obtained on or before December 31, 2016, and a budget of $45,000 has been allocated to pay associated third party fees. In this context, certification refers to the approvals from government, industry and carriers that are required in respect of a wireless device. Industry and carrier groups have formed to streamline the certification requirements, which Saturna intends to meet by engaging a specialized testing lab.

Saturna plans to expend $364,451 of the proceeds of the Minimum PP (or $652,210, in the event the Maximum PP is completed), for the following software development activities, expected to be carried out in the 12 month period following Closing:

(1) Saturna intends to develop software applications, including LOOPShare, for scooter sharing programs worldwide. Such software applications are expected to incorporate functions such as member signup, scooter location/booking, keyless start, per kilometre billing and standby charges, state of charge information and range prediction, and emergency alerts. It is expected that these applications will be launched over time, commencing with scooter sharing trials in the Initial Markets. It is expected that the majority of the capital allocated for software development will be expended in relation to LOOPShare.

(2) Saturna plans to develop further applications, including applications with respect to tourism and carbon credit reporting and an application that allows fleet operators, such as delivery companies, to integrate existing logistics and back office software. These developments will enhance opportunities to earn recurring revenue from both OEM customers and operators of shared scooter fleets worldwide. As appropriate, Saturna intends to engage Loop to provide these applications and is anticipating providing supervision and support to Loop in connection therewith.

(3) Steps required in the development process to reach commercial launch of LOOP, along with costs expected to be incurred, are as follows:

Task	**Estimated completion**	**Estimated cost**
Completion of scooter customization, homologation and integration work in respect of LOOPShare	June 2016	$45,000
Completion of manufacturing of initial 200 SVD400G units	July 2016	$52,300
Completion of LOOPShare software for minimal viable solution booking and tracking system to be used in field trials	July 2016	$78,600
Completion of LOOPShare commercial software which is expected to include the following functionality: customer booking portal; tracking; safety and security; operator reporting; and information collection, interpretation and storage	January 2017	$105,751
	Total	**$287,401(1)**

Note:

(1) This amount is included in the Resulting Issuer's proposed use of proceeds following closing of the Acquisition and the Private Placement under the heading "Engineering and design". See "Part III – The Resulting Issuer – Available Funds and Principal Uses".

The remaining development costs of $278,230 are for additional development of the LOOPShare software after the initial commercial launch, additional software applications for use the SCD400G device and further product development work to achieve manufacturing cost savings.

Saturna plans to engage operators to expand its business worldwide. In addition to day-to-day operations, local operators will be responsible for managing local regulatory requirements, including licensing, registration, parking, homologation and various other permits that may be unique to each area of operation.

Operations

Saturna contracts manufacturers to provide sub-assembly services of its circuit board for the SVD400 devices. Final assembly is currently performed by Saturna; however, Saturna plans to contract full manufacturing and assembly services at such time that it has adequate volume.

Saturna provides service and support to operators and OEM customers. Services are generally performed remotely from Saturna's head office, with occasional site visits. Warranty for the scooters is provided by the scooter manufacturer to Saturna and such warranty flows through to the scooter sharing operators. See "Part II – Saturna – General Development of the Business - Warranty".

The existing property of Saturna is located at its head office, with the exception of plastics tooling owned by Saturna, which is located at the factory of its plastics manufacturer in Delta, British Columbia, Canada.

Saturna has a lease agreement expiring December 31, 2016 with FDG Property Management for its head office location. There are no renewal provisions.

Saturna requires skills related to the development of Telematics hardware and software systems for Telematics and fleet management applications and has experienced hardware and software engineers on staff with such skills. Telematics hardware is installed to collect and transmit a wide range of data, including (a) vehicle use and maintenance requirements; (b) information provided by sensors, such as tire pressure, and (c) location based information for routing, by using GPS technology. In addition, Telematics can send information back to the vehicle to control certain mechanical aspects of its operation. Saturna's business also requires technical personnel with experience relating to two wheel vehicles. Saturna's Product Manager worked for five years as a Product Manage for Vespa and Scarabeo, brands of one of Europe's leading vehicle manufacturer, Piaggio. This experience contributes valuable industry and general technical knowledge to Saturna. Saturna requires operational personnel with experience in fleet operations, such as rental fleets or shared fleets, and intends to find a suitable candidate for this position subsequent to the completion of the Acquisition.

Saturn's operations depend on its ability to procure parts and materials for the manufacture of the SVD400 devices and to procure scooters from its scooter OEM. Pricing for these items can fluctuate due to limited supply or due to exchange rate fluctuations, as scooters are purchased using the United States currency. If delivery of materials, parts or scooters is delayed, it could materially impact Saturna's operations. Currently Saturna has one supplier of scooters and one supplier of touch screens. The loss of either supplier would have a materially adverse impact on Saturna's operations. Other parts and materials are expected to be more easily sourced, in the event of disruption in Saturna's current supply.

Saturna is currently securing international trademark protection for its brand names LOOP and LOOPShare, in relation to its corporate and scooter sharing operations, respectively. Saturna will continue to operate its OEM business through its business name, Saturna Green Systems Inc.

Saturna was issued a patent by the PTO in April 2015. Patent 9014888, based on application 61510436, and titled "Vehicle Communication and Route Analysis System", has been granted to Saturna. The patent addresses range prediction for electric vehicles based on a variety of parameters.

On June 21, 2011, Saturna applied for a blanket patent that covers over 20 claims. This application has expired and Saturna intends to renew it in 2017. Saturna intends to expand and further research each claim, as the Saturna team continues its research and development efforts. Saturna expects at least another 10 patent applications to be filed as a follow-up to the initial 20 claims, in the 18 months following completion of the Acquisition.

Saturna has licensed third party software in connection with its own software development work. It has licensed firmware integration software that provides an interface between its SVD400G device and scooters, and one device providing vehicle sharing fleet services.

Saturna is reliant on the purchase of scooters in relation to its planned 2016 field trials. In the event that the supplier terminates its contract for the supply of scooters, or the contract for the supply of scooters is otherwise frustrated, Saturna's field trials may be postponed. Saturna has agreements with Loop and Green Wheels LLC to operate LOOP field trials in Beirut, Lebanon and London, England, respectively. In the event either of these companies terminates its contract, the applicable field trial would be postponed, delaying the commercial launch of LOOP scooter sharing services in the applicable city, and resulting in a loss of anticipated revenue. Mahindra has a binding purchase order for 3,000 SVD400 units, of which 480 have been delivered as of April 30, 2016. In the event that such purchase order is cancelled, Saturna will not meet its anticipated revenue for 2016.

Loop, the company formed in connection with the Berytech Business Arrangement, will assist Saturna in developing applications for Saturna's LOOPShare software, will acquire up to 165 scooters for field trials of LOOPShare in the Initial Markets**,** and will oversee operations for the technical trial in Beirut, expected to commence in the third quarter of 2016. Loop shall act as the exclusive LOOP operator in Beirut, Lebanon and carry on all LOOP activities in Beirut, Lebanon, the Middle East and Africa. See "Part II – Saturna – Non-Arm's Length Party Transactions of Saturna – The Master Agreement". The political climate in Lebanon is uncertain. In the event that operations of the Lebanese company are halted due to war or sanctions, or otherwise, Saturna may have difficulty completing this business.

As at December 31, 2015, Saturna had nine employees and, as at May 20, 2016, Saturna has eleven employees.

The ongoing business of LOOP scooter sharing is dependent on Saturna's ability to expand internationally by engaging local operators who are familiar with business risks in their territories. It is expected that local operators will acquire LOOP scooters which will be shipped directly from the factory, homologated for the applicable local transport authority legislation. The LOOP scooters will be equipped with Saturna's SVD400G device, providing access to the LOOPShare software and applications. With the exception of the trial planned for the City of Vancouver, it is expected that in the initial years of operations Saturna will not own scooter sharing operations in cities world-wide and that such scooter sharing operations will be wholly - or majority - owned by local operators. However there are risks associated with foreign operations, including currency risk and regulatory risk. There is a risk that suppliers or customers may copy the hardware or software products of Saturna for their own use. In the event there is a dispute, Saturna may be unable to obtain legal remedy or legal proceedings may be prohibitively expensive.

Environmental regulations don't currently present a material issue for operations and operating results of Saturna - (earnings, capital expenditures, competition etc.) Environmental laws and regulations may affect the operations of the Resulting Issuer. It is expected that the Resulting Issuer, or its local operators, will be required to dispose of scooters, electronic components and batteries at the end of their useful lives. Failure to dispose of these in a manner compliant with local environmental regulation could expose the Resulting Issuer to penalties and clean-up costs. In addition, the cost of complying with such regulations may increase over time and per location affecting operating results. The Resulting Issuer expects to rely on contract manufacturers and suppliers in the production of its electronic devices and scooters. In the event that such contract manufacturers and suppliers breach health and safety standards, such violation may temporarily, or in extreme cases, permanently halt supply. A breach of environmental and safety regulations by a supplier, contract manufacturer or scooter sharing operator may affect the reputation of the Resulting Issuer.

Market

Saturna currently has two OEM customers located in the United States. Saturna plans to sell its SVD400 device word-wide to scooter OEMs, motorcycle OEMs and other manufacturers of light-weight, inner-city vehicles.

Saturna plans to launch field trials of its LOOP scooter sharing operation in the Initial Markets. Upon completion of such trials, Saturna plans to move to full scale commercial operation in such cities, and to add additional cities in North America, Europe the Middle East and Asia. It is Saturna's intended strategy to engage qualified operators to launch full scale operations in the target cities, in most cases without field trial.

Saturna's business model depends on commuters' acceptance of collaborative consumption and on their acceptance of e-scooters as a means of inner-city transportation. Collaborative consumption (sharing) is the shift in consumer values from ownership to access. Commuters in larger cities and, as envisioned by Saturna, in smaller and campus-based locations, as well, have shown interest in, and confirmed the emergence of, a significant market in shared fleets. Well-known brands include Car2Go, DriveNow, and ZipCar. Smaller brands include Modo and EVO in British Columbia's lower mainland. Growth trend is strong for the e-bike, e-scooter and e-motorcycle markets. According to Navigant Research (February 2016) the global market for e-scooters is expected to grow from about 4.1 million annual unit sales to just under 4.5 million by 2024. If e-scooter sharing programs can prove to be successful in early adopter cities such as Barcelona, Paris, and San Francisco, Saturna expects that other major cities are likely to follow suit and the market could grow more quickly than expected.

Saturna operates in a highly competitive environment where its products and services are subject to rapid technological change and evolving industry standards. Saturna's future success depends on its ability to design and produce new products and services, deliver enhancements to its existing products and services, accurately predict and anticipate evolving technology and respond to technological advances in its industry, and respond to its customers' increasingly sophisticated needs. Saturna's products embody complex technology that may not meet those standards, changes and preferences. If Saturna is unable to respond to technological changes, fails or delays to develop products in a timely and cost-effective manner, its products and services may become obsolete, which could negatively impact sales, profitability and the continued viability of the business.

Potential locations for a scooter sharing service may be impacted by seasonal variations based on weather and other factors, such as composition of the user base. For example, in a city where university students are the primary market, seasonal variations will be based on school terms and the academic year. Cities such as Vancouver, British Columbia and London, England will also have seasonal variations based on weather. Certain cities may have less or no usage during certain periods due to poor weather conditions. Saturna does not believe that its OEM business is cyclical or seasonal.

Marketing Plans and Strategies

Saturna markets its SVD400 device to OEMs by attendance at tradeshows and by utilizing the services of sales agents. OEM sales are carried out at the executive level.

Saturna has a sales funnel of qualified operators in select cities worldwide. Saturna plans to launch a sales campaign in November 2016 for the identification and qualification of additional LOOP scooter sharing operators. Saturna has the following roll-out targets:

	2017	**2018**	**2019**	**2020**
Cities in service (aggregate, by end of applicable calendar year)	11	27	32	34

Saturna intends to provide international brand awareness and marketing support for its regional operators. It plans to develop a strong online marketing strategy and a targeted social media plan, as well as other methods, to reach an international audience.

Saturna recognises revenue by selling SVD400 hardware to its OEM customers, by selling fully equipped scooters to its operators and by providing LOOPShare services. Saturna will target a 33% margin on OEM sales and a 25% margin on scooter sales to its operators. Pricing is set with the intention of obtaining these margins. Pricing is expected to be reduced as volumes increase and based on technical cost saving adjustments to manufacturing. Pricing for the LOOPShare service is expected to be approximately 10% of operator revenue. Saturna has few competitors and currently there is no price competition for the SVD400 or related services such as LOOPShare. Saturna will be selling scooters fully equipped with Saturna technology. There is a market for electric scooters and Saturna believes that its product is priced below similar scooters offered by OEMs. Saturna believes that its scooter sharing pricing is similar to the cost of public transit, placing it well below car sharing alternatives and in a competitive position with services such as Santander Bikes in London, England.

Consumer pricing for the LOOP scooter sharing service shall be set by agreement between Saturna and the applicable operator. Pricing will be based on distance driven and, if applicable, on standby time. In some cities consumers will pay a subscription fee to use the service.

Marketing Program	**Estimated costs, Minimum PP**	**Estimated costs, Maximum PP**
Final website development for LOOP scooter sharing program – estimated completion by December 31, 2016	$5,750	$5,750
Travel and attendance at tradeshows – ongoing	$12,667	$45,233
Trial launch costs, including marketing and sales support – primarily labour through the trial period	157,277	$307,277
Other	$96,106	$104,920
	$271,800	**$463,180.00**

Warranty

Saturna intends to provide operators with a two year limited warranty on parts for the LOOPShare scooter, which is the scooter equipped with the SVD400G device. Failure due to improper use, improper storage, improper maintenance, wear and tear or other acts are excluded from warranty. Saturna receives warranties from its scooter supplier and from parts suppliers for its SVD400 device and expects to receive an equivalent warranty in respect of the SVD400G device, which it will use to backstop its warranty of the LOOPShare scooter. Saturna also provides a two-year warranty to OEM customers, which is a standard warranty term.

Currently there are no international, large-scale competitors to challenge our strategy and corporate goals. Electric scooter shared fleet companies and rental operations that Saturna has studied include the following:

- Scoot: A San Francisco-based operator offering Scoot service to the residents of the city.
- Motit: A Barcelona-based operator.
- CityScoot: An offering for business subscribers in Paris.
- Scoo2t: A Vienna-based operator that deploys around 40 gasoline scooters.
- Econduce: A small scale Mexico City-based operator with electric scooters.
- Cooltra: A larger scooter rental company that focuses on resorts and tourist destinations in Spain, Italy, Brazil, and a few other locations.
- GoGoro: A Taiwan-based operator that recently expanded to Amsterdam. It is not a shared fleet concept and focuses on selling their advanced electric scooters on a consumer level. Their service offering relates to batteries only.

Saturna's SVD400G device is installed at the factory, which will allow Saturna to ship scooters to cities worldwide, already homologated to meet road requirements for the applicable destination and ready to deploy upon arrival. Saturna's LOOPShare scooters are less expensive than those used by the competition making the business model more viable for operators. The LOOPShare back end office and booking system will allow turnkey operations and provide for improved scalability and time to market not seen with other systems.

Intellectual Property

Saturna seeks protection of its intellectual property through patent applications submitted to the PTO. As is customary in the industry, none of Saturna's copyright protected materials are registered in any jurisdiction. Saturna relies on copyright protection afforded under applicable law to non-registered materials.

To date Saturna has relied upon common law protection for its trademarks in Canada and elsewhere. Saturna, through Loop, is registering trademarks for its brands "LOOP" and "LOOPShare".

Patent 9014888, based on application 61510436 and titled "Vehicle Communication and Route Analysis System" was issued to Saturna by the PTO in April 2015. The patent addresses range prediction for electric vehicles based on a variety of parameters. This patent expires on April 21, 2029.

On July 21, 2011, Saturna applied for a blanket patent that covers over 20 claims. This application has expired and Saturna intends to renew it in 2017. Saturna intends to expand and further research each claim, as the Saturna team continues its research and development efforts. Saturna expects at least another 10 patent applications to be filed as a follow-up to the initial 20 claims, in the 18 months following completion of the Acquisition.

The patent brief is as follows "An object of the present invention is to provide a vehicle communication, analysis 20 and operation system including hardware, firmware and software for managing vehicles by employing inputs from a vehicle and correlation with analysis techniques, whereby a rule-based system can manage the data operations of a vehicle and a vehicle communications link can also manage its activities based on real-time, historical and predictive knowledge, without having all this knowledge processing on board. A further object of the present invention is to provide a system where driver or vehicle preferences act as inputs to a rule-based system allowing optimization of real-time processing and where predictive aspects of what is happening on a driver dashboard can be displayed or shared on a network."

Saturna will follow a process in developing and documenting its inventions and patents. The process is expected to adhere to the following steps:

(1) Literature research
    a. Review and research journals
    b. Comprehensive internet searches
(2) Conduct a patent database search in Canada, the United States, including pending patent applications.
(3) Apply for provisional patents, as determined by Saturna.
(4) Complete any provisional patents within 12 months from filing the application.

The patent application approval time frame is 15 to 30 months from the filing of the final application, depending on the jurisdiction and other factors.

Saturna's contractors and employees enter into agreements with Saturna which provide that, upon termination or resignation of the employee or termination of the contract of the contractor, such employee or contractor is restricted from unfair competition for a period of six months. Such agreements also contain a confidentiality provision. Pursuant to such agreements, the applicable contractor or employee agrees that, at all times during the term of the agreement and six months following the termination of the agreement, the Person shall not engage in unfair competition with Saturna, its affiliates or subsidiaries, aid others in any unfair competition with Saturna, its affiliates or subsidiaries, in any way breach the confidence that Saturna placed in the Person, misappropriate any proprietary or confidential information of Saturna, or misappropriate any corporate opportunities of Saturna.

All intellectual property and source code is stored to a mirrored server. Source code is kept internally and firmware is uploaded by Saturna to its devices.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF SATURNA

Selected Consolidated Financial Information

The following information is taken from and should be read in conjunction with the Saturna Financial Statements and related notes thereto attached hereto as Schedule "C" and "Management's Discussion and Analysis" included at Schedule "D" to this Filing Statement.

	December 31, 2015 (Audited)	**December 31, 2014 (Audited)**	**December 31, 2013 (Unaudited)**
Total revenue	$413,240	$68,162	$194,213
Loss before non-recurring item	$830,022	$912,506	$938,352
Net loss	$830,022	$52,319	$868,074
Total assets	$602,786	$403,414	$209,681
Total liabilities	$1,481,622	$1,178,591	$1,770,530

Revenue

Revenue for each of the years ended December 31, 2013, 2014 and 2015 was comprised as follows:

	December 31, 2015 (Audited)	**December 31, 2014 (Audited)**	**December 31, 2013 (Unaudited)**
Hardware sales	$144,920	Nil	Nil
Development and customization services related to hardware sales	$268,320	$68,162	$71,656
Non-refundable grants	Nil	Nil	$122,557
Total revenue	$413,240	$68,162	$194,213

Saturna commenced shipping commercial SVD400 devices during the year ended December 31, 2015, to an OEM customer. Saturna recognized revenues in 2015 and 2014 related to the customization and development of its SVD400 device for this OEM customer. In 2015, Saturna commenced customization and design work for a second OEM customer. This customization work is expected to be completed in the second quarter of 2016 and SVD400 devices are expected to commence shipping to this OEM in the third quarter of 2016. In 2013, Saturna recorded revenues from two OEM customers for early research and development of its resulting SVD400 device. Also included in 2013 revenue are government grants from the Natural Science and Engineering Research Council of Canada.

Loss from continuing operations

Saturna's loss from continuing operations for the year ended December 31, 2015 of $830,022 represented a decrease of 10% over the prior year, primarily due to Saturna's gross profit of $262,198.

For the year ended December 31, 2015, Saturna did not report the SR&ED, as the criteria under Saturna's policy for recognition of this refundable tax credit, specifically, that the amounts must be estimable and their collection reasonably assured, was not met. SR&ED for 2014 of $81,099 reduced costs for that period. An SR&ED claim for the 2015 year is expected to be made in the second quarter of 2016.

Saturna's loss from operations for the year ended December 31, 2014 decreased by 2% over the prior year. In 2014, Saturna reported a lower gross margin, primarily due to grants received in 2013 that were not received in later years. Operating expenses before deducting SR&ED were 19% less in 2014, due to less available funds. SR&ED decreased by 46% in 2014 due to lower expenditure on research and development activities due to the reduced funds.

Net loss

Saturna reported a net loss for 2014 that was significantly less than in 2015 and 2013, due to non-recurring gains on settlement of debt.

In 2014, Saturna reported a gain on settlement of debt, of which $858,699 was due to the forgiveness of accrued compensation and $13,589 was due to the settlement of other debts.

In connection with the forgiveness of accrued compensation, Saturna entered into the Royalty Agreement, pursuant to which an amount of up to $1,150,000 may be paid to RoyaltyCo., upon the satisfaction of the conditions set out in the Royalty Agreement. As at December 31, 2014, an aggregate of $858,699 was accrued respect to unpaid compensation subject to the Royalty Agreement. From January 1, 2015 to March 31, 2015, an additional $291,031 was accrued with respect to unpaid compensation subject to the Royalty Agreement, such that an aggregate of $1,150,000 was accrued respect to unpaid compensation as at March 31, 2015. The Amended and Restated Royalty Agreement will be entered into upon Closing. See "Part II – Saturna – Consolidated Capitalization – Royalty Agreement and Amended and Restated Royalty Agreement".

In 2013 Saturna reported a gain of $70,278 from the cancellation of Saturna Shares that were issued to employees pursuant to escrow terms.

Total assets

Total assets at December 31, 2015, increased by 49% over total assets at December 31, 2014, primarily due to increased inventory levels and purchases of software licenses. During the year ended December 31, 2015, Saturna acquired a software license to form part of Saturna's LOOPShare platform and four test scooters in the total amount of $95,462, which accounted for 48% of the increase in total assets. A further 40% of the increase was due to Saturna carrying higher levels of inventory as it commenced shipping commercial SVD400 devices.

Total assets at December 31, 2014 increased by $193,733 over total assets at December 31, 2013. Approximately 26% of this increase was due to an increase of $50,737 in fixed assets, 95% of which was for production tooling. Saturna reported inventory of $129,102 at December 31, 2014, while no inventory was reported at the end of the prior year and such reported inventory represented 67% of the increase in total assets. In 2014, Saturna commenced carrying inventory of long-lead items in preparation for shipment to an OEM customer in 2015. Saturna's SR&ED receivable was reduced by $69,210 over the prior year, due to reduced eligible development spending, representing a 36% reduction in total assets.

Total liabilities

Total long-term debt at December 31, 2015 was nil, as Saturna's debt instruments (including debentures with aggregate principal amounts of $456,857, and bridge loans from related parties of $150,000) mature in the year ending December 31, 2016 and were reclassified as current. The 26% increase in total liabilities over the prior period is due to the following:

Liability	Amount
Promissory note issued in the amount of US$200,000 to BTFM in connection with the Berytech Business Arrangement. Subsequent to December 31, 2015, this loan was redeemed.	$276,800
Increase in accounts payable and accrued liabilities due to increased inventory purchases, accrued legal fees relating to the Berytech Business Arrangement and reduced accounts payable turnover due to a shortage of funds.	$97,092
Increase in accrued compensation due to a shortage of funds. Subsequent to December 31, 2015, $64,634 of the accrued compensation was paid.	$76,314
Deferred revenue realized during the year ended December 31, 2015.	($200,414)
Non-interest bearing promissory note was settled with a related party for Saturna Shares at a price of $0.80 per share.	($50,000)

See "Part II – Saturna – General Development of the Business" and "Part II – Saturna – Non-Arm's Length Party Transactions of Saturna – Master Agreement".

In addition to debt settled for Saturna Shares, $291,031 of accrued compensation was forgiven during the year ended December 31, 2015, pursuant to the Royalty Agreement.

During the year ended December 31, 2014, Saturna settled current and long term debt in the total amount of $545,269 by the issuance of Saturna Shares as set out in the table below. This debt settlement accounted for 92% of the 67% reduction in total liabilities from the prior year.

Description of debt settled during the year ended December 31, 2014	Number of Saturna Shares issued to settled debt	Amount settled
Convertible debentures, interest and principal	337,171	$303,454
Term loans, interest and principal	55,636	$55,636
Accrued compensation	64,760	$45,332
Accrued liabilities	146,613	$140,847
Total debt settlement	604,180	$545,269.00

Management's Discussion and Analysis

See Schedule "D" for Saturna's Management Discussion and Analysis for the financial years ended December 31, 2015.

Trends

There is a trend towards a sharing economy, especially in the area of shared transportation fleets, evidenced by the emergence of services such as Car2Go, Modo and ZipCar. There is significant worldwide growth in urban populations, with a majority of the world's population currently living in urban centers. The United Nations expects that three quarters of the world's population will live in urban centers by the year 2050. This high rate of urbanization is placing strain on transportation systems worldwide. Saturna plans to launch an electric scooter sharing operation by partnering with operators worldwide to offer a solution for these urban transportation issues. Saturna expects these trends towards a sharing economy and urban population growth will provide an increased potential market for the LOOPShare service. Saturna also expects that competition will emerge as the market for such services increases.

CONSOLIDATED CAPITALIZATION

Share Capital

As at December 31, 2015, Saturna reported a deficit of $3,764,138.

The following table describes any material changes in, and the effect of those material changes on, the share capital of Saturna on a consolidated basis since December 31, 2015:

Designation of Security	Amount Authorized	Amount outstanding as of December 31, 2015	Amount outstanding as of the date of this Filing Statement	Amount expected to be outstanding immediately prior to Closing[(1)]
Class A common shares	Unlimited	5,964,507	6,282,506	7,818,349
Class B common shares	Unlimited	NIL	NIL	NIL
Class C common shares	Unlimited	NIL	NIL	NIL
Saturna Preferred Shares[(1)]	Unlimited	40,320	40,320	NIL

Note:

(1) Includes the 447,761 Saturna Shares issuable to Fortuna pursuant to the Capital Markets Advisory Agreements, 1,014,925 Saturna Shares issuable to holders of Debentures and 73,157 Saturna Shares issuable to settle debt of Saturna.

(2) The Saturna Preferred Shares will be redeemed for cash proceeds of $60,480 concurrently with the Closing.

Convertible Securities

In addition to the foregoing, Saturna has the following options and convertible securities outstanding:

	Saturna Shares subject to the security, as at, December 31, 2015	Saturna Shares subject to the security, as at May 20, 2016	Exercise Price	Issue Date	Expiry Date
Stock options	164,500	134,500	$0.50 to $2.00	Various	Closing[(1)]
Unit Warrants[(2)]	398,250	398,250	$0.20 to $2.00	March 20, 2015	March 20, 2020

Berytech Warrant	1,260,606(3)	1,260,606(3)	See Note 4.	February 3, 2016	February 3, 2019
Debentures	810,656(5)	1,014,925(6)	See Notes 5 and 6.	Various	Immediately prior to Closing(7)

Notes:

(1) All stock options previously granted by Saturna will be cancelled concurrently with the Closing.

(2) See “Part II - Saturna – Consolidated Capitalization – Unit Warrants”.

(3) Granted pursuant to the Master Agreement. Pursuant to the Acquisition Agreement, Berytech will exchange the Berytech Warrant for 4,223,030 common share purchase warrants of the Resulting Issuer (the pre-Acquisition equivalent of 1,260,606 common share purchase warrants of Saturna). See “Part II - Saturna – Consolidated Capitalization – Berytech Warrant”.

(4) The exercise price for the Berytech Warrant is the transfer to Saturna of all the issued and outstanding shares of Loop held by Berytech and the cancellation of any loans outstanding from Loop to Berytech. See “Part II - Saturna – Consolidated Capitalization – Berytech Warrant”.

(5) Based on outstanding principal of $510,000 and accrued but unpaid interest of $73,673, and a conversion price equal to $0.72 per Saturna Share, as at December 31, 2015. See “Part II - Saturna – Consolidated Capitalization – Convertible Debt”.

(6) Based on outstanding principal of $510,000, and a conversion price equal to $0.5025 per Saturna Share, as at May 20, 2016, which applies the 25% Discount. Accrued and unpaid interest of $97,305, as at May 20, 2016, would be forgiven in consideration of the application of the 25% Discount. See “Part II - Saturna – Consolidated Capitalization – Convertible Debt”.

(7) The principal amount of all Debentures will be converted into Saturna Shares applying the 25% Discount, immediately prior to Closing, resulting in the issuance of 1,014,925 Saturna Shares, all of which will be subject to the Acquisition Agreement. Accrued but unpaid interest on the principal amount of the Debentures will be forgiven in consideration of the application of the 25% Discount. See “Part II - Saturna – Consolidated Capitalization – Convertible Debt”.

Stock Options

As at December 31, 2015, Saturna had 164,500 stock options issued and outstanding. All stock options of Saturna will be cancelled, unexercised, in connection with the Closing.

Unit Warrants

On March 20, 2015, Saturna issued 398,250 units at a price of $0.80 per unit pursuant to a private placement (the “**2015 Private Placement**”). Each unit was comprised of one Saturna Share and one Class A Common Share purchase warrant (a “**Unit Warrant**”), for aggregate gross proceeds of $318,600. Each Unit Warrant allows the holder thereof to acquire an additional Saturna Share at the following exercise prices:

(i) On or before March 20, 2017, of $0.20 per Saturna Share;

(ii) After March 20, 2017 and on or before March 20, 2018, of $0.40 per Saturna Share;

(iii) After March 20, 2018 and on or before March 20, 2019, of $1.00 per Saturna Share; and

(iv) After March 20, 2019 and on or before March 20, 2020, of $2.00 per Saturna Share,

provided that upon the acquisition by a third party of greater than 50% of Saturna’s share capital or an equity or debt financing exceeding $3,000,000, on written notice by Saturna of no less than 30 days, the holders of the Unit Warrants may exercise the Unit Warrants at the exercise price then otherwise applicable, less 10%, failing which the Unit Warrants will automatically expire.

Berytech Warrant

Pursuant to the Master Agreement, Berytech agreed to make an initial debt investment of US$610,000 in Loop, which was established for the purpose of entering into the Master Agreement. Pursuant to the Master Agreement, Saturna issued the Berytech Warrant. The Berytech Warrant may be exercised by BTFII at any time prior to 5:00 pm pacific standard time on February 3, 2019 or by Saturna on the occurrence of a Qualifying Event (as such term is defined in the Master Agreement). Upon the exercise of the Berytech Warrant, Berytech's 40% equity stake in Loop will be transferred to Saturna and any outstanding debt payable from Loop to Berytech under the Master Agreement will be cancelled, with such transfer of shares and cancellation of debt representing the full exercise price payable by Berytech in respect of the exercise of the Berytech Warrant. If not exercised prior to 5:00 pm pacific standard time on February 3, 2019, the Berytech Warrant will be automatically exercised as of that date. Upon the exercise of the Berytech Warrant or the occurrence of an alternative sale transaction resulting in the sale of any or all of the shares of Loop held by BTFII, Saturna has the option to acquire the 59.995% of Loop currently owned by Anwar Sukkarie for US$1.00 pursuant to the Call Option Agreement (the remaining 0.005% of Loop shares will be held by a Lebanese citizen in accordance with and pursuant to Lebanese corporate law). Pursuant to the Acquisition Agreement, Berytech will exchange the Berytech Warrant for 4,223,030 common share purchase warrants of the Resulting Issuer, on the same terms as the Berytech Warrant. See "Part II – Saturna – Non-Arm's Length Transactions of Saturna – The Master Agreement".

Convertible Debt

As at May 1, 2016, Saturna has outstanding secured convertible debentures (the "**Debentures**") in an aggregate principal amount of $510,000.

The aggregate total of principal and interest outstanding under the Debentures as at December 31, 2015, was $583,673 and as at May 1, 2016, was $602,566.

The Debentures contain a provision that, if Saturna completes a transaction whereby (a) the listing of the Saturna Shares on a public stock market or the registration of the Saturna Shares for trading on a public market, either directly or through a reverse takeover or other merger or business combination with a publicly listed company; (b) the acquisition by a third party of greater than 50% of Saturna's share capital or materially all of Saturna's assets; or (c) an equity financing exceeding US$2 million (any of which is a "**Liquidity Event**"), Saturna has the right to force the conversion of the principal amounts only relating to such Debenture, in whole and not in part, into Saturna Shares, at a price per Saturna Share equal to the price attributed to a Saturna Share pursuant to the Liquidity Event, less a discount of 25% (the "**25% Discount**"). The Acquisition will constitute a Liquidity Event. As such, the aggregate principal amount pursuant to the Debentures will be automatically converted into Saturna Shares immediately prior to the Closing at a conversion price of $0.5025 per share. Any accrued but unpaid interest on Debentures converted using the 25% Discount will be forgiven, pursuant to the terms of the Debentures.

The Saturna Shares issuable upon conversion of the Debentures will be exchanged for Common Shares pursuant to the Acquisition Agreement.

Royalty Agreement and Amended and Restated Royalty Agreement

During the year ended December 31, 2014 the Saturna entered into the Royalty Agreement, in consideration of the forgiveness of accrued compensation of the shareholders of RoyaltyCo. As at December 31, 2014, an aggregate of $858,699 was accrued respect to unpaid compensation subject to the Royalty Agreement. From January 1, 2015 to March 31, 2015, an additional $291,031 was accrued with respect to unpaid compensation subject to the Royalty Agreement, such that an aggregate of $1,150,000 was accrued respect to unpaid compensation as at March 31, 2015.

Pursuant to the Royalty Agreement, Saturna agreed to pay a quarterly royalty to RoyaltyCo. The aggregate amount payable under the Royalty Agreement is capped at $1,150,000 (the "**Royalty Max**"). If this Royalty Max were paid in full and in cash, $804,900 would be paid to current directors and officers of Saturna.

Pursuant to the Amended and Restated Royalty Agreement, Kenna has agreed, subject to Closing, to assume the rights and obligations of Saturna pursuant to the Royalty Agreement. The Amended and Restated Royalty Agreement further provides that the royalty will accrue as set out in the table below.

Number of cities to which 55 or more Saturna scooters were shipped	Value of royalty
The first (3) cities, in aggregate	$69,000
Each one (1) subsequent city	$34,500

Such royalty amounts will be settled in Common Shares at a price per share equal to the greater of $0.13 per share and the market price per share, where "market price" is defined as a price equal to the Resulting Issuer's 10 day volume weighted average price on the Exchange. The number of Common Shares of the Resulting Issuer issuable pursuant to the agreement will be determined on each of:

- December 31, 2017, in respect of scooters shipped prior to December 31, 2017 (the "**First Record Date**"),
- December 31, 2018, in respect of scooters shipped in the preceding year (the "**Second Record Date**"), and
- December 31 of each subsequent year, in respect of scooters shipped in the preceding year, until the Royalty Max is achieved.

If (i) the value of the Common Share calculated on the First Record Date or Second Record Date fall below $300,000 or $850,000, respectively, and (ii) the Resulting Issuer has generated positive EBITDA (as defined below) in the fiscal year preceding the applicable record date, then the royalty payable effective each of the First Record Date and the Second Record Date will be increased, only to the extent of 15% of such positive EBITDA, payable in cash or settled by the issuance of Common Shares, at the option of the Resulting Issuer. For the purposes of the Amended and Restated Royalty Agreement, "EBITDA" means net earnings before interest, depreciation and taxes, and before non-recurring expenses, engineering costs, software development costs, design costs, research and development costs, commercialization costs including filing of patents and certifications.

The Amended and Restated Royalty Agreement will be entered into upon Closing.

Capital Markets Advisory Agreements

On January 14, 2016, Saturna entered into two agreements with Fortuna pursuant to which Fortuna agreed to (i) provide strategic advice with respect to the intended go-public transaction of Saturna (later determined to be the Acquisition) (ii) assist Saturna in an advisory capacity throughout the Acquisition and (iii) committed a lead order of $250,000 under the Private Placement (the "**Capital Markets Advisory Agreements**"). Pursuant to the Capital Markets Advisory Agreements Saturna has agreed pay a fee equal to $120,000 to Fortuna at Closing, issue 447,761 Saturna Shares to Fortuna (at a deemed price of $0.67 per Saturna Share) immediately prior to Closing in consideration of consulting services provided and pay a consulting fee of $5,000 per month for a period of 12 months.

THE BRIDGE LOAN

On March 23, 2016, Kenna and Saturna entered into a bridge loan agreement in respect of an initial bridge loan from Kenna to Saturna in the amount of $100,000. On April 27, 2016, Kenna and Saturna entered into a subsequent bridge loan agreement in respect of a subsequent bridge loan from Kenna to Saturna in the amount of $150,000 (both loans together are referred to as the "**Bridge Loan**"). Pursuant to the terms of the loan agreements in respect of the Bridge Loan, the Bridge Loan will bear no interest until, and be due on, the earlier of: (a) May 31, 2016 (in respect of the initial advance of $100,000) and June 30, 2016 (in respect of the subsequent advance of $150,000), (b) the termination of the Letter of Intent other than by execution of a definitive agreement in respect of the Acquisition or (c) the date of occurrence of an event of default under the loan agreements in respect of the Bridge Loan. The Bridge Loan is secured by a general security agreement dated March 21, 2016, granting Kenna security over all of Saturna's present and after-acquired property, subject to a number of prior charges over specific assets. The Bridge Loan is subject to standard conditions precedent and default provisions for a transaction of this nature, and will be forgiven by Kenna on Closing.

PRIOR SALES

The following table sets forth the number and price at which Saturna Shares have been sold within the 12 month period prior to the date of this Filing Statement:

Number of Saturna Shares sold	Date Issued	Price
62,500(1)	July 21, 2015	$0.80
138,338(2)	July 31, 2015	$0.80
64,149	August 20, 2015	$1.1240
15,000	August 20, 2015	$0.80
15,000	January 12, 2016	$0.80
100,000	January 12, 2016	$1.30
202,999(3)	February 15, 2016	$0.675

Notes:

(1) These Saturna Shares issued to a director of Saturna.

(2) 66,144 of these Saturna Shares were issued to directors and officers of Saturna.

(3) 98,592 of these Saturna Shares were issued to directors and officers of Saturna.

EXECUTIVE COMPENSATION OF SATURNA

Introduction

This compensation discussion and analysis describes and explains the policies and practices of Saturna with respect to the compensation of each of its executive officers (together, the "**Saturna NEOs**").

Overview

Saturna's compensation policies are founded on the principle that compensation should be aligned with shareholders' interests, while also recognizing that Saturna's performance is dependent upon its ability to retain highly trained, experienced and committed directors, executive officers and employees who have the necessary skill sets, education, experience and personal qualities required to manage the business of Saturna. Saturna also recognizes that the various components of its compensation program must be sufficiently flexible to adapt to unexpected developments in the technology industry and the impact of internal and market-related occurrences from time to time.

Compensation Components

Saturna's executive compensation program is comprised of the following components: (a) base salary; (b) consulting fees; (c) commission based payments and (d) long-term incentive compensation comprised of incentive stock options and the Performance Shares.

The compensation components are designed to address the following key objectives:

- align compensation with shareholders' interests;

- attract and retain highly qualified management;

- focus performance by linking incentive compensation to the achievement of business objectives and financial and operational results; and

- encourage retention of key executives for leadership succession.

The aggregate value of these principal components and related benefits are used as a basis for assessing the overall competitiveness of Saturna's executive compensation package. When determining executive compensation, including the assessment of the competitiveness of Saturna's compensation program, management and the board of directors rely on their concurrent and past experiences and collective knowledge. With that background, ultimate determinations as to executive compensation are based on (i) informal discussion among board members and management, (ii) negotiation with the executive in question and (iii) a view to what is in the best interests of Saturna and its various stakeholders. Saturna does not employ any formal benchmarking procedures in determining executive compensation.

Base Salaries and Consulting Fees

The base salary and consulting fee component is intended to provide a fixed level of competitive pay that is established at the time when an officer, employee or consultant joins Saturna. Saturna's board periodically reviews compensation levels to determine if adjustments are necessary.

Long Term Incentive Compensation

Aside from the use of stock options as an incentive and the issuance of the Performance Shares, no formal long term incentive compensation is currently used by Saturna.

Compensation of Named Executive Officers - Summary compensation table

The following table sets out information concerning the compensation accrued to Saturna NEOs for the three most recently completed financial years.

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual Incentive Plans	Long-term incentive plans			
Anwar Sukkarie, President and Chief Executive Officer	2015 2014 2013	136,500[(3)] 91,000[(2)] 156,000[(1)]	Nil Nil Nil	Nil Nil Nil	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	Nil Nil Nil	136,500 91,000 156,000
Juliet Jones, Secretary and Chief Financial Officer	2015 2014 2013	143,799[(6)] 89,562[(5)] 142,740[(4)]	Nil Nil Nil	Nil Nil Nil	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	Nil Nil Nil	143,799 89,562 142,740

Notes:

(1) As at December 31, 2012, salary in the amount of $177,000 had accrued but was unpaid. During the year ended December 31, 2013, additional salary in the amount of $156,000 accrued but was unpaid. Together with accrued but unpaid salary for the year ended December 31, 2012, a total of $333,000 was accrued but unpaid as at December 31, 2013.

(2) Salary in the amount of $91,000 accrued during the year ended December 31, 2014. During the year ended December 31, 2014 $26,000 of salary for the 2012 year was paid. Total accrued but unpaid compensation for 2012 ($151,000), 2013 ($156,000) and 2014 ($91,000) of $398,000 was forgiven in consideration of (a) the issuance of 28,429 Saturna Shares at a deemed price of $0.70 per Saturna Share (for an aggregate value of $19,900), and (b) Saturna's commitments under the Royalty Agreement.

(3) Salary in the amount of $136,500 accrued during the year ended December 31, 2015. Of this amount, $52,000 was paid in cash and $26,000 pas settled by the issuance of 32,500 Saturna Shares at a deemed price of $0.80 per Saturna Share. Of the remaining $58,500, $19,500 was paid in cash and $32,500 was settled by the issuance of 48,145 Saturna Shares at a deemed price of $0.675 per Saturna Share, both during the first quarter of 2016, leaving a balance of $6,500 owing to Mr. Sukkarie for the period ending December 31, 2015.

(4) As at December 31, 2012, salary in the amount of $136,702 had accrued but was unpaid. $32,000 of this amount was paid during the year ended December 31, 2013, leaving a balance of $104,702. During the year ended December 31, 2013, additional salary in the amount of $142,740 accrued but was unpaid. Together with accrued but unpaid salary for the year ended December 31, 2012 ($104,702), a total of $247,442 was accrued but unpaid as at December 31, 2013.

(5) Salary in the amount of $89,562 accrued during the year ended December 31, 2014. $60,327 of accrued salary as at December 31, 2012 was paid during the year ended December 31, 2014, leaving a balance of $44,375 for the year ended December 31, 2012. Together, accrued but unpaid salary for 2012 ($44,375), 2013 ($142,740) and 2014 ($89,562) was $276,677, which was forgiven during calendar 2014 in consideration of (a) the issuance of 20,476 Saturna Shares at a deemed price of $0.70 per Saturna Share (for an aggregate value of $14,333) and (b) Saturna's commitments under the Royalty Agreement. In May 2014 255,000 Saturna Shares were issued as an incentive at a deemed price of $0.33 per Saturna Share (for an aggregate value of $84,150; these Saturna Shares were placed in escrow until December 31, 2014).

(6) Salary in the amount of $143,799 accrued during the year ended December 31, 2015. Of this amount, $69,192 was paid in cash and $26,915 was settled by the issuance of 33,644 Saturna Shares at a deemed price of $0.80 per Saturna Share. Of the remaining $47,692, $13,642 was paid in cash and $34,050 was settled by the issuance of 50,444 Saturna Shares at a deemed price of $0.675 per Saturna Share during the first quarter of 2016, leaving a balance of $NIL owing to Ms. Jones for the period ending December 31, 2015.

Outstanding share-based awards and option-based awards

The following table sets forth for each Saturna NEOs all incentive plan awards outstanding as at December 31, 2015.

	Option-based Awards				Share-based Awards		
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**	**Market or payout value of vested share-based awards not paid out or distributed ($)**
Anwar Sukkarie, President and Chief Executive Officer	5,000	$1.35	Nov. 22, 2016	Nil[(1)]	N/A	N/A	N/A
Juliet Jones, Secretary and Chief Financial Officer	5,000	$1.35	Nov. 22, 2016	Nil[(1)]	N/A	N/A	N/A

Note:

(1) Based on a market price of $0.67 per Saturna Share.

All stock options of Saturna will be cancelled in connection with the Closing.

Incentive plan awards – value vested or earned during the year

The following table sets forth details of the value vested or earned during the year ended December 31, 2016.

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 ($)
Anwar Sukkarie, President and Chief Executive Officer	Nil	N/A	N/A
Juliet Jones, Secretary and Chief Financial Officer	Nil	N/A	N/A

Termination and Change of Control Based Compensation

Pursuant to the Sukkarie Employment Agreement, Mr. Sukkarie's gross compensation shall be $222,000 for the year ending December 31 2016, provided that, $72,000 of such amount will be paid in cash and $150,000 of such amount will be paid by the issuance of 223,800 Saturna Shares, at a deemed price of $0.67 per Saturna Share, which shares shall be issuable as to 111,940 Common Shares on June 30, 2016, and 111,940 on December 31, 2016. In the event that gross proceeds of less than $1,350,000 are raised pursuant to the Private Placement, Mr. Sukkarie's salary will be reduced by $42,000 for the period commencing June 1, 2016 and ending December 31, 2016, and by $30,000, for the period commencing January 1, 2017 and ending May 31, 2017.

In the event that the Sukkarie Employment Agreement is terminated, any amounts payable in Saturna Shares will be prorated over the portion of the year that he was employed. In the event of Mr. Sukkarie's dismissal without cause, or pursuant to a "change of control" or in the event of Mr. Sukkarie's constructive dismissal, Mr. Sukkarie will be entitled to severance pay of one year's salary plus one additional month's salary for every year worked, subject to a maximum of 24 months (the "**Period**"), as well as continuation of benefits for the duration of the Period, payment of accrued but unpaid salary and allocated but unpaid incentive amounts, and reimbursement of expenses incurred prior to the date of termination. In addition, any unvested stock options of Mr. Sukkarie will vest immediately upon termination and will be exercisable for a period of 60 days following termination, subject to the original expiry date of such options.

In the event of Mr. Sukkarie's resignation, he will provide Saturna with 90 days' notice of his resignation, and will be entitled to the continuation of his salary and benefits for such notice period, reimbursement of expenses incurred until the effective date of his resignation and payment of any allocated but unpaid incentive amounts. Upon notice of resignation, Saturna may elect to terminate Mr. Sukkarie's employment prior to the end of the notice period, provided that it pays Mr. Sukkarie's salary for the balance of the notice period, pays any allocated but unpaid incentive amounts, reimburses any accrued but unpaid expenses and continues his benefits for a period of 30 days. In the event of termination for cause, Mr. Sukkarie will be entitled to receive accrued but unpaid salary, allocated but unpaid incentive amounts, and reimbursement of expenses incurred prior to the date of termination.

See "Part II – Saturna – Non-Arm's Length Party Transactions of Saturna – Performance Shares" and "Part III – The Resulting Issuer – Executive Compensation – Employment Arrangements and Agreements".

Director Compensation

The directors of Saturna are Anwar Sukkarie, Juliet Jones, Saood Aljneibi and Paul Chucrallah, of whom Anwar Sukkarie and Juliet Jones are Saturna NEOs. During the year ended December 31, 2011, Mr. Aljneibi received 30,000 stock options of Saturna, with an exercise price of $0.75 per Saturna Share and an expiry date of June 30, 2016, all of which vested upon grant. These stock options will be cancelled immediately prior to Closing. Other than the foregoing, no director received compensation for serving as a director of Saturna.

NON-ARM'S LENGTH PARTY TRANSACTIONS OF SATURNA

Shares Issued to Settle Debt

The following table sets forth the Saturna Shares issued to directors and officers of Saturna, in settlement of amounts owing to such directors and officers.

Number of Saturna Shares Issued	Date Issued	Director/Officer	Price	Basis for Issuance
55,000	May 7, 2012	Juliet Jones	$1.00	Settlement of accrued but unpaid salary.
17,500	December 10, 2012	Saood Aljneibi	$1.35	Settlement of amounts owing for services rendered to Saturna.
255,000	May 31, 2014	Juliet Jones	$0.33	Settlement of accrued but unpaid salary.
20,476	December 30, 2014	Juliet Jones	$0.70	Settlement of accrued but unpaid salary.
28,429	December 30, 2014	Anwar Sukkarie	$0.70	Settlement of accrued but unpaid salary.
62,500	July 21, 2015	Saood Aljneibi	$0.80	Consideration for the settlement of a $50,000 non-interest bearing loan made to Saturna in December 2012 by a third party and settled by Mr. Aljneibi for cash
32,500	July 31, 2015	Anwar Sukkarie	$0.80	Settlement of accrued but unpaid salary.
33,644	July 31, 2015	Juliet Jones	$0.80	Settlement of accrued but unpaid salary.
50,444	February 15, 2016	Juliet Jones	$0.675	Settlement of accrued but unpaid salary.
48,148	February 15, 2016	Anwar Sukkarie	$0.675	Settlement of accrued but unpaid salary.

Security Issuances to Mr. Aljneibi

On April 5, 2011, Saood Aljneibi acquired 111,111 units of Saturna at a price of $2.70 per unit. Each unit was comprised of one Saturna Share, one common share purchase warrant, which was exercisable to purchase one Saturna Share, and one Preferred Share, which was convertible into one Saturna Share. Mr. Aljneibi became a director of Saturna on April 30, 2011. On February 20, 2012, Mr. Aljneibi converted the Saturna Preferred Shares into 111,111 Saturna Shares. The common share purchase warrants expired unexercised.

Loans from Mr. Sukkarie

On August 28, 2012, Saturna received a non-interest bearing loan in the amount of $75,000 from Anwar Sukkarie. The maturity date of the loan was August 29, 2013. On September 27, 2012, Saturna received a second non-interest bearing loan in the amount of $75,000, from Mr. Sukkarie. The maturity date of the second loan was September 28, 2013. On December 31, 2014, the maturity dates of the loans were extended to December 31, 2016. An aggregate amount of $150,000 remains outstanding as of the date of this Filing Statement. Pursuant to the Sukkarie Employment Agreement, $75,000 will be repaid at Closing and an additional $9,200 will be repaid for every increment of gross proceeds of $10,000 in excess of $1,350,000 raised under the Private Placement. If insufficient funds are raised to repay the balance of the loans, the remainder will be paid from the proceeds of Saturna's SR&ED tax credits with respect to years ending after December 31, 2014.

Performance Shares

Pursuant to the Sukkarie Employment Agreement, Mr. Sukkarie will receive the Performance Shares. Pursuant to the Sukkarie Employment Agreement, Mr. Sukkarie is eligible to receive 1,044,776 class A common shares of Saturna (the "**Saturna Performance Shares**") upon attainment of certain milestones, as set out in the table below. Assuming completion of the Acquisition, the right to receive Saturna Performance Shares shall be exchanged for the right to earn an aggregate of the 3,499,999 Performance Shares, as set out in the table below. The number of Performance Shares issuable is based on the exchange ratio of 3.35 Performance Shares for every Saturna Performance Share, in accordance with exchange ratio to be used in the Acquisition.

Aggregate number of cities to which 55 or more scooters of the Resulting Issuer are shipped	Number of Saturna Performance Shares to be issued	Number of Performance Shares to be issued
Three (3)	447,761	1,499,999
Six (6)	597,015	2,000,000
Total	**1,044,776**	**3,499,999**

The Master Agreement

Pursuant to the Master Agreement, Berytech agreed to make an initial debt investment of US$610,000 in Loop, which was established for the purpose of entering into the Master Agreement. Under the Master Agreement, the amount of this investment may be increased, upon mutual agreement of the parties, to up to US$2,500,000. The Master Agreement contemplates the establishment of a commercial relationship between Berytech and Loop, including with respect to the purchase of scooters, the operations of Loop in the Beirut, Lebanon, the Middle East and Africa and the development and licensing of intellectual property.

The shareholders of Loop have entered into a shareholders' agreement that requires the approval of both Mr. Sukkarie and BFTII in relation to specified matters, including the transfer of cash from Loop, entering into certain business transactions, and entering into transactions that could adversely affect the capital of Loop.

Pursuant to the Master Agreement, Saturna issued a warrant to acquire 1,016,667 Saturna Shares, subject to certain adjustments, to BTFII (the "**Berytech Warrant**"). The Berytech Warrant may be exercised by BTFII at any time prior to 5:00 pm pacific standard time on February 3, 2019 or by Saturna on the occurrence of a Qualifying Event (as such term is defined in the Master Agreement). Upon the exercise of the Berytech Warrant, Berytech's 40% equity stake in Loop will be transferred to Saturna and any loans outstanding from Loop to Berytech under the Master Agreement will be cancelled, with such transfer of shares and cancellation of debt representing the full exercise price payable by Berytech in respect of the exercise of the Berytech Warrant. If not exercised prior to 5:00 pm pacific standard time on February 3, 2019, the Berytech Warrant will be automatically exercised as of that date. Upon the exercise of the Berytech Warrant or the occurrence of an alternative sale transaction resulting in the sale of any or all of the shares of Loop held by BTFII, Saturna has the option (but not the obligation) to acquire the 59.995% of Loop currently owned by Anwar Sukkarie for US$1.00 pursuant to the Call Option Agreement (the remaining 0.005% of Loop shares will be held by a Lebanese citizen in accordance with and pursuant to Lebanese corporate law). There is no provision in the Call Option Agreement obligating Saturna (or after Closing the Resulting Issuer) to acquire the 59.995% interest of Mr. Sukkarie in Loop, and accordingly the Resulting Issuer may ultimately elect not to exceed a 40% interest in Loop, in its sole discretion. Pursuant to the Acquisition Agreement and the adjustment provisions of the Master Agreement, Berytech will exchange the Berytech Warrant for 4,223,030 common share purchase warrants of the Resulting Issuer, on the same terms (as adjusted) as the Berytech Warrant.

Royalty Agreement and Amended and Restated Royalty Agreement

During the year ended December 31, 2014 the Company entered into the Royalty Agreement, in consideration of the forgiveness of accrued compensation of the shareholders of RoyaltyCo. As at December 31, 2014, an aggregate of $858,699 was accrued respect to unpaid compensation subject to the Royalty Agreement. From January 1, 2015 to March 31, 2015, an additional $291,031 was accrued with respect to unpaid compensation subject to the Royalty Agreement, such that an aggregate of $1,150,000 was accrued respect to unpaid compensation as at March 31, 2015.

Pursuant to the Royalty Agreement, Saturna agreed to pay a quarterly royalty to RoyaltyCo. The aggregate amount payable under the Royalty Agreement is capped at $1,150,000.

Pursuant to the Amended and Restated Royalty Agreement, Kenna has agreed, subject to Closing, to assume the rights and obligations of Saturna pursuant to the Royalty Agreement, among other things. See "Part II – Saturna – Consolidated Capitalization – Royalty Agreement and Amended and Restated Royalty Agreement".

The royalty payable pursuant to the Amended and Restated Royalty Agreement is payable to RoyaltyCo., which is owned as to 40% and 30% by Anwar Sukkarie and Juliet Jones, respectively.

The Amended and Restated Royalty Agreement will be entered into upon Closing.

LEGAL PROCEEDINGS RELATING TO SATURNA

Saturna is not party to any legal proceedings and no such proceedings are known to Saturna to be contemplated.

AUDITORS

The auditors of Saturna are Jackson & Company, located at 800 – 1199 West Hastings St., Vancouver, BC V6E 3T5.

MATERIAL CONTRACTS OF SATURNA

The following is a list each material contract of Saturna, other than contracts entered into in the ordinary course of business, entered into by Saturna within the two years before the date of this Filing Statement:

(1) On July 1, 2014, Saturna entered into an agreement with Green Wheels LLP of London, England, to commence a field trial in an area to be specified (the "**Zone**") in the City of London. Under the agreement, each party is to contribute to the cost of the trial. Green Wheels LLP shall be responsible for operations of the scooter sharing business in the Zone. Subject to the successful trial of the service in London, Green Wheels LLC may continue as the exclusive operator in the Zone.

(2) Effective December 31, 2014, Saturna entered into an agreement with Transport Services Solutions GmbH of Austria to license certain software programs relating to vehicle sharing services for €50,000. The license is unlimited, in perpetuity with respect to two and three wheel vehicles. As at March 31, 2016, €30,000 had been paid and the balance remained unpaid pending final delivery.

(3) On June 1, 2015, Saturna entered into a supply agreement with Vmoto Limited, a public company incorporated in Western Australia and listed on the Australia Stock Exchange and AIM market of the London Stock Exchange, pursuant to which Saturna and Vmoto will design and test the SGS Platform for installation on Vmoto's E-max 80L scooter, in addition to adaptations and modifications of the scooter design, which shall be at Saturna's cost and shall be the sole property of Saturna. Under the supply agreement, Saturna may white label the scooter as its own brand. Pursuant to the supply agreement, Saturna will place a master order for 32,000 scooters which Vmoto will supply. Subject to Saturna ordering 3,000 scooters by December 31, 2017, the E-max 80L scooter will be exclusive to Saturna.

(4) Effective October 12, 2015, Saturna entered into a Green & Digital Demonstration Program Agreement with the City of Vancouver. The Green & Digital Demonstration Program is a City of Vancouver initiative to permit demonstrations on city assets or infrastructure of new green and digital technologies developed by Vancouver-based companies. Under the agreement, the City of Vancouver will provide certain permits and facilities to assist with the Vancouver field trial of the LOOPShare program and will provide 30 City of Vancouver users to trial the service.

(5) On November 13, 2015, Saturna entered into an agreement with Prolog Corporation ("**Prolog**"), a Mexico corporation, to replace an earlier agreement dated May 5, 2015. Under the agreement, Saturna has licensed certain modules of Prolog's software platform, WebTrack, and engaged Prolog to provide services with respect to the licensed software. Consideration under the contract is payable 70% in cash and 30% in Saturna Shares, with the maximum payable under the agreement being US$400,000. Under the agreement, Saturna may acquire rights to the software on a module by module basis. Saturna has paid US$80,000 towards software licenses and US$13,830 against related services by the issuance of 64,149 Saturna Shares and a cash payment of US$29,681. As at March 31, 2016, Saturna has received location server source and mobile device firmware. At March 31, 2016 Saturna has made no commitments to order additional modules under the agreement. The license is in perpetuity and unlimited for light-weight vehicle services provided by Saturna based on Saturna's hardware and software for the purposes of providing shared transportation services for commuters, tourism and shared fleets.

(6) The Master Agreement. See "Part II – Saturna – Consolidated Capitalization – The Master Agreement" and "Part II – Saturna – Non-Arm's Length Party Transactions of Saturna – The Master Agreement".

(7) The Call Option Agreement. See "Part II – Saturna – Consolidated Capitalization – The Berytech Warrant" and "Part II – Saturna – Non-Arm's Length Party Transactions of Saturna – The Master Agreement".

(8) The Letter of Intent.

(9) The Capital Markets Consulting Agreements. See "Part II – Saturna – Consolidated Capitalization – Capital Markets Advisory Agreement".

Copies of these agreements will be available for inspection without charge at the offices of Saturna, at Suite 110-131 Water Street, Vancouver, BC, V6B 4M3 until the date of Closing and for a period of 30 days thereafter.

PART III –THE RESULTING ISSUER

Information contained in this Part III assumes completion of the Acquisition and acceptance by the Exchange of the Reverse Takeover under Policy 5.2.

CORPORATE STRUCTURE

Name and Incorporation

The Resulting Issuer is expected to be named "LOOPShare Inc." or such other name as may be selected by the Board, in their discretion, and accepted by the Exchange. It is anticipated that the Resulting Issuer will have its registered office and its head office located at Suite 101-131 Water Street, Vancouver, BC V6B 4M3. The Resulting Issuer will be governed by the BCBCA.

Intercorporate Relationships

Following the Acquisition, the Resulting Issuer will own and control 100% of the Saturna Shares.

BUSINESS AND STRATEGY OF THE RESULTING ISSUER

Stated Business Objectives

Saturna is developing the SGS Platform for lightweight, inner city small vehicles, motorcycles, scooters and e-bikes. The SGS Platform is comprised of both the hardware (including either the SVD400 or the SVD400G) and the software to allow Saturna to deploy Transportation as a Service ("**TaaS**") solutions in select cities worldwide to offer shared fleet services, with a special emphasis on two and three-wheel EV transportation fleets. The SGS Platform is a main component of an end-to-end EV sharing solution referred as "LOOPShare". Saturna intends to offer an EV sharing service in select cities worldwide. The brand names for this service are "LOOP" and "LOOPShare".

To empower an EV sharing LOOP service, Saturna developed a cloud-based technology with the ability to scale at a significantly higher cost efficiency. LOOPShare has the following components which the Resulting Issuer expects to accomplish with the available funds:

(1) Hardware development and installation: The Resulting Issuer expects to allocate $162,140 (assuming completion of the Minimum PP or $227,180 if the Maximum PP is completed) of the available funds for hardware development of the end-to-end technology as follows:

  a. **The SGS Platform:** Saturna has developed and commercialized a touch-screen display unit that replaces the EV dashboard instrumentation and connects to the EV through its CANBus interface. Presently, this unit is sold to OEMs for assembly line installation in the United States. Saturna expects to complete development of wireless connectivity for its touch-screen display unit to launch the SGS Platform, which will connect to the EV, with the EV rider, and also communicate with the internet either through smartphone connectivity or directly through a GSM wireless telephone network. It is expected that development of the SGS Platform will be complete by June 30, 2016, with certification by December 31, 2016.

  b. **LOOP Scooter:** The LOOP scooter is a road-tested electric scooter that will be manufactured exclusively for Saturna by Vmoto Limited in Nanjing, China, where the SGS Platform will be installed on their assembly line. In addition to warranty and manufacturing costs savings, assembly line installation provides the advantage that scooters will be homologated by the manufacturer (that is, they may be shipped directly from Nanjing to any city in the world, ready to meet local transportation authority requirements). The Resulting Issuer has set the following milestones to ensure scooter delivery for field trials:

    i. Homologation for the field trial locations is expected to be complete by June 30, 2016;

    ii. Installation training, quality assurance and acceptance test procedures are expected to be in place by June 30,2016; and

iii. scooters are expected to be ordered and delivered for field trial by August, 2016.

(2) The SGS Platform intersects wireless networking with EV commuting for business and/or personal use, thus allowing for a wide range of services and applications. The Resulting Issuer expects to complete the development of the following applications using approximately $314,451 (assuming completion of the Minimum PP, or $652,210 assuming completion of the Maximum PP) of the available funds:

a. LOOPShare Data Centre: Data processing and management centre hosting in the cloud. Expected completion by September 2016;

b. LOOPShare Web-Based Application: LOOPShare is a commercial enterprise application where a zone operator and subscribers access LOOPShare to perform relevant functions. Expected completion by November 2016; and

c. Mobile Apps: LOOP subscribers interface with the LOOP service using mobile apps. Expected completion of basic mobile apps for locating and booking vehicles by September 2016. Additional applications are expected to be developed in the event Kenna completes the Maximum PP.

The Resulting Issuer plans to commence LOOPShare field trials with minimal viable features in select cities by the third quarter of 2016, based on the following plan:

(1) Implement a 55-scooter point-to-point field trial system in Beirut, Lebanon, which will be fully paid for by Loop.

(2) Implement a floating (pick up and drop anywhere in the specified city zone) field trial of 55 scooters in the City of Vancouver. Saturna has entered into a facilities agreement with the City of Vancouver in support of its scooter sharing trial. The Resulting Issuer's estimated incremental operating cost for this field trial is $66,600.

(3) Implement a floating field trial of 55 scooters in the City of London, to be financed by a local partner.

Following the initial field trials, it is expected that the Resulting Issuer will launch a full scale roll-out in the trial cities and launch commercial operations in additional select cities world-wide. In all cities, perhaps with the exception of the Vancouver field trial, it is expected that the Resulting Issuer will partner with experienced fleet operators to ensure operating effectiveness and preserve capital. The Resulting Issuer will earn revenue from the sale of scooters developed exclusively for LOOPShare with the SGS Platform. In addition the Resulting Issuer will earn fees from the operators based on an agreed percentage of revenue for a TaaS recurring revenue model.

The Resulting issuer will develop a marketing campaign throughout 2016 to support full scale roll out of LOOPShare service in select cities worldwide. The marketing campaign, expected to be launched in May 2017, is expected to include the Resulting Issuer's strategy for identifying and securing local operators, branding, social media, website and operator marketing and sales support. Funds of $214,805 are expected to be allocated to the development of the LOOPShare marketing campaign including an initiative to drive the engagement of local operators. In late 2016, it is expected that the Resulting Issuer will implement a local marketing initiative to support the Vancouver field trial.

In fiscal 2016, it is expected that the Resulting Issuer will focus on completing the development of the SGS Platform and initiating field trials, as discussed above, and also on completing the administrative and operational requirement to prepare for full scale roll-out, expected to occur in 2017. During the first quarter of 2017, it is expected the Resulting Issuer will recruit an operations manager to manage the full scale roll-out of the LOOPShare service in select cities world-wide. In the event that the Resulting Issuer completes the Maximum PP, the priority of this initiative will be brought forward and will be targeted for the third quarter of 2016. The Resulting Issuer expects to allocate $663,582 to operations and administration (assuming completion of the Minimum PP, or up to $778,642 assuming completion of the Maximum PP) to develop the infrastructure and support to launch its LOOPShare operations in select cities world-wide.

SECURITIES OF THE RESULTING ISSUER

The authorized share capital of the Resulting Issuer will consist of an unlimited number of Common Shares. In connection with the Acquisition, the Common Shares of the Issuer will be consolidated as described in "Part I – Issuer – Description of the Securities of the Issuer". Except for historical issuance information and information regarding the capitalization of the Issuer as of the date of this Filing Statement, information in this Filing Statement concerning the Issuer's Common Shares, including the number of Common Shares to be issued in connection with the Acquisition and information as to the capitalization of the Resulting Issuer, are presented on a post-Consolidation basis.

OPTIONS TO PURCHASE SECURITIES OF THE RESULTING ISSUER

It is anticipated that the Resulting Issuer will grant the following options pursuant to the Resulting Issuer Stock Option Plan immediately following Closing (all numbers presented on a post-Consolidation basis):

Name of Optionee	Number of Common Shares Under Option, assuming completion of the Private Placement	Exercise Price per Common Share	Vesting and Expiry
Anwar Sukkarie	600,000	$0.20	Expire five years from Closing, vesting as to 1/36 each month over three years
Juliet Jones	300,000	$0.20	Expire five years from Closing, vesting as to 1/36 each month over three years
Paul Chucrallah	150,000	$0.20	Expire five years from Closing, vesting as to 1/36 each month over three years
Saood Aljineibi	150,000	$0.20	Expire five years from Closing, vesting as to 1/36 each month over three years
CCP, LLC 2015 A Series(1)	120,000	$0.20	Expire five years from Closing, vesting as to 1/4 each quarter over the first 12 months
Fortuna	150,000	$0.20	Expire five years from Closing, vesting as to 1/4 each quarter over the first 12 months
Media Services Inc.(2)	25,000	$0.20	Expire five years from Closing, vesting as to 1/36 each month over three years
Employees of the Resulting Issuer	662,000	$0.20	Expire five years from Closing, vesting as to 1/36 each month over three years
Total	2,157,000		

Notes:

(1) CCP, LLC 2015 A Series has been engaged by the Issuer to provide market research and analysis on a consulting basis following completion of the Acquisition.

(2) Media Services Inc. is a consultant of Saturna, performing the role of Asian sales agent in respect of Saturna's OEM business.

PRO FORMA CONSOLIDATED CAPITALIZATION

Pro Forma Consolidated Capitalization

The following table sets out the consolidated pro forma capitalization of the Resulting Issuer prior to and after giving effect to the Consolidation, the Private Placement and the Acquisition, as noted. This table should be read in conjunction with the Issuer Financial Statements and Pro Forma Financial Statements attached hereto as Schedules "A" and "C", respectively.

Designation of Security	Amount Authorized or to be Authorized	Outstanding prior to giving effect to the Acquisition and the Private Placement, but after the Consolidation	Outstanding immediately after giving effect to the Acquisition, but excluding the Private Placement	Outstanding immediately after giving effect to the Acquisition assuming completion of the Minimum PP	Outstanding immediately after giving effect to the Acquisition assuming completion of the Maximum PP
Common Shares	Unlimited	5,618,616	33,207,159[(1)]	39,207,159[(1)]	43,207,159[(1)]

Note:

(1) Includes the Common Shares due to Fortuna pursuant to the RTO Finder's Fee Agreement.

Pro-Forma Fully Diluted Share Capital of the Resulting Issuer

The following table sets out the expected fully diluted share capital of the Resulting Issuer after giving effect to the Acquisition, including the Consolidation, and assuming the exercise or conversion of all options and convertible securities into Common Shares of the Resulting Issuer:

Category of Security	Assuming Minimum PP		Assuming Maximum PP	
	Common Shares	Fully Diluted Percentage	Common Shares	Fully Diluted Percentage
Common Shares of the Issuer (Pre-Acquisition, Pre-Private Placement, Post-Consolidation)	5,618,616	11.30%	5,618,616	10.41%
Outstanding warrants of Kenna (Post-Consolidation)[(1)]	2,647,118	5.32%	2,647,118	4.90%
Common Shares issued to Saturna shareholders in connection with the securities exchanged comprising the Acquisition[(2)]	26,191,470	52.67%	26,191,470	48.53%
Common Shares to be issued pursuant to the Private Placement	6,000,000	12.07%	10,000,000	18.53%
Common Shares issuable upon exercise of PP Finder Warrants[(3)]	160,000	0.32%	400,000	0.74%
Common Shares issuable upon exercise of stock options expected to be issued on Closing	2,157,000	4.34%	2,157,000	4.00%

Common Shares issuable upon exercise of warrants of the Resulting Issuer issuable upon exchange of Unit Warrants pursuant to the Acquisition	1,334,137	2.68%	1,334,137	2.47%
Common Shares of the Resulting Issuer issuable upon exercise of the Berytech Warrant pursuant to the securities exchange comprising the Acquisition	4,223,030	8.49%	4,223,030	7.82%
Common Shares issuable pursuant to the RTO Finder's Agreement	1,397,074	2.81%	1,397,074	2.59%
Total proposed outstanding securities	**49,728,444**	**100%**	**53,968,444**	**100%**

Notes:

(1) Comprised of (post-Consolidation): (i) 1,434,174 warrants to acquire Common Shares on or before November 6, 2017 at an exercise price of $0.37, (ii) 1,212,944 warrants to acquire Common Shares on or before December 18, 2017 at an exercise price of $0.37.

(2) Includes Saturna Shares issuable to Fortuna immediately prior to Closing pursuant to the Capital Markets Advisory Agreements. See "Part II – Saturna – Consolidated Capitalization – Capital Markets Advisory Agreement".

(3) Assumes that PP Finder Warrants are issuable in relation to 33% of the Common Shares issuable pursuant to the Minimum PP or 50% of the Common Shares issuable pursuant to the Maximum PP.

AVAILABLE FUNDS AND PRINCIPAL USES

The following tables set forth the estimated total funds available to the Resulting Issuer upon completion of the Acquisition, as well as the principal purposes for which the estimated funds available to the Resulting Issuer upon completion of the Acquisition will be used and the current estimated amounts to be used for each such principal purpose during the 12 month period following Closing:

	Minimum PP	Maximum PP
Consolidated current working capital (deficiency) calculated as of May 29, 2016, after pro forma adjustments	$687,600	$687,600
Gross proceeds from Private Placement	$1,200,000	$2,000,000
Estimated costs of the Private Placement and the Acquisition(1)	($182,000)	($230,000)
Total available funds	**$1,705,600**	**$2,457,600**

Note:

(1) Includes $32,000 payable as the PP Finder Fee assuming the PP Finder Fee is payable on 33% of the issuance pursuant to the Minimum PP or $80,000 as the PP Finder Fee assuming the PP Finder Fee is payable on 50% of the issuance pursuant to the Maximum PP.

The following table sets forth the expected use of proceeds by the Resulting Issuer, assuming completion of the Acquisition:

	Minimum PP	Maximum PP
Engineering and design	$526,591(1)	$879,390(2)

Sales and marketing	$271,800(3)	$463,180(4)
Operations and administration	$663,582(5)	$778,642(6)
Redemption of Preferred Shares(7)	$60,480	$60,480
Settlement of $150,000 loan from Anwar Sukkarie(8)	$75,000	$150,000
General unallocated working capital	$108,147	$125,908
Total use of proceeds	**$1,705,600**	**$2,457,600**

Notes:

(1) Comprised of $162,140 for development of hardware and $364,451 for the development of applications, in the event the Minimum PP is completed. See "Part III – The Resulting Issuer – Business and Strategy of the Resulting Issuer – Stated Business Objectives – Principal Products."

(2) Comprised of $227,180 for development of hardware, $652,210 for the development of applications, in the event the Maximum PP is completed. See "Part III – The Resulting Issuer – Business and Strategy of the Resulting Issuer – Stated Business Objectives – Principal Products."

(3) Comprised of $5,750 for final website development for LOOP scooter sharing program, $12,667 for travel and attendance at tradeshows, $157,277 for trial launch costs and $96,106 for general and corporate marketing and communications. See "Part III – The Resulting Issuer – Business and Strategy of the Resulting Issuer – Stated Business Objectives – Marketing Plans and Strategies."

(4) Comprised of $5,750 for final website development for LOOP scooter sharing program, $45,233 for travel and attendance at tradeshows, $307,277 for trial launch costs and $104,920 for general and corporate marketing and communications. See "Part III – The Resulting Issuer – Business and Strategy of the Resulting Issuer – Stated Business Objectives – Marketing Plans and Strategies."

(5) Comprised of $505,662 for general and administrative costs and $157,920 for operations, in the event the Minimum PP is completed.

(6) Comprised of $620,722 for general and administrative costs and $157,920 for operations, in the event the Maximum PP is completed.

(7) The Saturna Preferred Shares will be redeemed for cash proceeds of $60,480 concurrently with the Closing.

(8) Two $75,000 non-interest bearing loans. The first loans will be repaid after closing and the second loan will be payable $9,200 for every $10,000 of equity raised above $1.35 million; or from the net proceeds from refundable tax credits. See "Part III – The Resulting Issuer – Executive Compensation – Employment Arrangements and Agreements".

The Resulting Issuer's intentions to spend the available funds as set forth above are based on the current expectations of management; however, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. Any such reallocation will be determined at the discretion of the Resulting Issuer's management, and there can be no assurance as of the date of this Filing Statement as to how those funds may be reallocated. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements to meet its objectives, in which case the Resulting Issuer expects to either issue additional Common Shares or incur indebtedness. There is no assurance that additional funding required by the Resulting Issuer would be available on commercially reasonable terms, or at all, if required. However, it is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives over at least the next 12 months.

Dividend Policy

It is not anticipated that the Resulting Issuer will pay any cash dividends in the foreseeable future. It is expected that the Resulting will use its earnings to finance further business development. Any future determination to pay dividends will be at the discretion of the Resulting Issuer's board of directors and will depend on, among other things, the Resulting Issuer's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the board of directors may deem relevant. There are no restrictions on the Resulting Issuer's ability to pay dividends.

PRINCIPAL SECURITYHOLDERS

To the knowledge of management of the Issuer, no Person or Company is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer upon completion of the Acquisition, except Anwar Sukkarie, who is anticipated to own 8,941,408 Common Shares on Closing, representing 20.69% of the Common Shares outstanding immediately following Closing.

PROPOSED DIRECTORS AND OFFICERS

Proposed Directors and Officers

The following table shows certain information concerning the individuals who are proposed to become or remain, as applicable, directors and/or officers of the Resulting Issuer upon the completion of the Acquisition.

Name and municipality of residence	Proposed positions and offices to be held with the Resulting Issuer(2)	Principal occupations within the five preceding years	Prior positions with Kenna or Saturna	Number and Percent of Common Shares proposed to be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised (1)
Anwar Sukkarie Vancouver, BC	President, CEO, Chairman and Director	President and CEO of Saturna, June 23, 2010 to present	President and CEO of Saturna, June 23, 2010 to present	8,941,408 Common Shares 20.69%
Juliet Jones West Vancouver, BC	Chief Financial Officer, Secretary and Director	CPA, CGA CFO of Saturna, June 23, 2010 to present	CFO of Saturna, June 23, 2010 to present	1,757,289 Common Shares 4.07%
Sean Bromley North Vancouver, BC	Director Audit Committee	CFO of an independent capital markets consultancy firm, May 2015 - present Investment Advisor at Jordan Capital Markets Inc. January 2014 – May 2015. Director of G4G Capital Corp. (TSXV: GGC), November 5, 2015	Director of Kenna, December 2015 to present CFO of Kenna, February 2016 to present	Nil

		-present Director of Inform Resources Corp. (TSXV: IRR) August 25, 2015 - present.		
Saood Aljneibi, Abu Dhabi, UAE	Director Audit Committee	May 2011 to July, 2015, Deputy General, National Electronics Security Authority February 2009 to May 2011, Director of Sustainable Development and Urban Design, Abu Dhabi Urban Planning Council	Director of Saturna, April 30, 2011 to present	1,313,943 Common Shares 3.04%
Paul Chucrallah Hazmieh, Lebanon	Director Audit Committee	January 2015 to present, Chairman-General Manager BTFM July, 2010 to December, 2014, self-employed consultant	Director of Saturna, February 3, 2016 to present	Nil

Note:

(1) Percentages assume the Maximum PP is completed, for a total of 43,207,159 Common Shares outstanding immediately following Closing, on a non-diluted basis.

The term of each proposed director of the Resulting Issuer will expire on the date of the next annual meeting of shareholders of the Resulting Issuer.

After the completion of the Acquisition the directors and senior officers of the Resulting Issuer as a group are expected to beneficially own, directly or indirectly, or over which control or direction is proposed to be exercised, 12,012,640 of the then issued and outstanding Common Shares, representing approximately 27.80% of the total votes attaching to all of the then outstanding Common Shares.

The following is some brief information about each of the proposed directors and proposed key management of the Resulting Issuer in addition to the information provided above.

Anwar Sukkarie – Proposed President, Chief Executive Officer, Chairman and Director of the Resulting Issuer - Age 56

Mr. Sukkarie is a founder of Saturna. Mr. Sukkarie has over 25 years of experience in the Telematics, telecom and wireless industries, including ten years spent in fleet Telematics as the Co-Founder, President & CEO of WebTech Wireless Inc. (TSX: WEW). At WebTech, Mr. Sukkarie was responsible for growing the company from a start-up to an international- scope TSX-listed issuer among the top ten technology companies in Canada, with sales of over $50 million. Subsequently, WebTech Wireless Inc. was acquired by BSM Technologies Inc. Prior to that, Mr. Sukkarie gained international sales and partnering experience as Business Development Director for the Middle East, Africa, and the UAE with Motorola's Cellular Division, Wireless Data Group, and Motorola EME, selling GPRS technology to network operators. Mr. Sukkarie holds a Master's Degree in Sciences, Electrical Engineering, from the University of Calgary.

Juliet Jones- Proposed Chief Financial Officer, Secretary and a Director of the Reporting issuer - Age 51

Ms. Jones is a trained CPA, CGA with public company experience in CEO, CFO and Director positions. Ms. Jones has worked for Saturna since its inception. Prior roles include President, Chief Executive Officer and Chief Financial Officer of Peace Arch Entertainment Group Inc. (TSX:PAE) (AMEX:PAE), a North American producer and distributor of television and motion pictures. During her 13 years with Peace Arch, Ms. Jones was integral to their emergence as a world-class media company, which, during her tenure, produced over 200 hours of dramatic and documentary/lifestyle television programs and grew to earn over $55 million in annual revenue. Subsequently, Ms. Jones became CFO of Webtech Wireless Inc., which completed $50 million in public financing transactions during her tenure. Subsequently, WebTech Wireless Inc. was acquired by BSM Technologies Inc. Ms. Jones was also a key member of NowPublic Technologies Inc., a citizen journalism news site that was acquired by the Examiner.com.

Sean Bromley, Director – Age 26

Mr. Bromley is a commerce graduate from the University of Calgary, currently working with a boutique merchant banking firm. Mr. Bromley was formerly an investment advisor at Jordan Capital Markets Inc. (now Mackie Research Capital Corporation) and is a current director of Inform Resources Corp. and G4G Capital Corp.

Paul Chucrallah, Proposed Director – Age 46

Paul Chucrallah is the Chairman-General Manager of BTFM, a Beirut based venture capital fund managing funds received from major banks in Lebanon. Mr. Chucrallah holds a degree in Telecom Engineering (ESIB) and an MBA (INSEAD).

Saood Aljneibi, Director – Age 48

Saood Aljneibi is Deputy General of the National Electronics Security Authority ("NESA"), in Abu Dhabi, UAE. Prior to joining NESA, Saood worked in various executive positions at the Abu Dhabi Urban Planning Council and Emirates Telecommunication Corp (Etisalat). Saood spent two years as Chief Executive Officer of Canar Telecommunication Co., one of Etisalat's overseas greenfield operations. During his work in Etisalat, he also sat on several boards of company subsidiaries. Saood holds an MBA from Southeastern University, Washington, DC, and a Bachelor of Engineering Technology in Electronics from the University of Toledo, Toledo, Ohio.

Committees

It is expected that the Resulting Issuer's board of directors will have an audit committee. The initial members of the Resulting Issuer's audit committee are expected to be Sean Bromley, Paul Chucrallah and Saood Aljneibi.

Corporate Cease Trade Orders or Bankruptcies

Except as set out below, to the knowledge of the Issuer, as at the date of this Filing Statement and within the ten years before the date of this Filing Statement, no director or proposed director, officer or promoter of the Resulting Issuer is or has been a director, officer or promoter of any company (including the Resulting Issuer) that, while that person was acting in that capacity:

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

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(c) 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 and proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On December 24, 2007 an order was issued to Juliet Jones along with the other insiders of Peace Arch Entertainment Group Inc. ("**PAE**") to cease trading in securities of PAE due to its failure to file annual audited financial statements and related management's discussion and analysis. PAE delisted on January 22, 2010.

Penalties or Sanctions

To the knowledge of the Issuer, no proposed director, officer or promoter of the Resulting Issuer has:

(a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Acquisition.

Personal Bankruptcies

To the knowledge of the Issuer, no proposed director, officer or promoter of the Resulting Issuer, or a personal holding company of any of them, has, within the ten years prior to the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 that individual.

Conflicts of Interest

To the knowledge of the Issuer, no proposed director, officer or promoter of the Resulting Issuer has any existing or potential material conflicts of interests with the Resulting Issuer as a result of their outside business interests other than as follows:

- Paul Chucrallah, who is a director of Saturna and who will be a director of the Resulting Issuer, is the Chairman-General Manager of BTFM; and

- Anwar Sukkarie, who is a director and senior officer of Saturna and who will be a director and senior officer of the Resulting Issuer on Closing, is the majority shareholder (59.95%) of Loop.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of reporting issuers:

NAME	Name and Jurisdiction of Reporting Issuer	Name of Exchange Market	Position	From	To
Sean Bromley	G4G Capital Corp. (BC)	TSX Venture Exchange	Director	November 5, 2015	Present
	Inform Resources Corp. (BC)	TSX Venture Exchange	Director	August 25, 2015	Present

EXECUTIVE COMPENSATION

The Resulting Issuer Board shall determine and assume responsibility for executive compensation of the Resulting Issuer. Generally, compensation will be comprised of base salary, in addition to stock based compensation and other compensation. The CEO of the Resulting Issuer shall make recommendations to the Resulting Issuer Board for their consideration and determination.

Compensation Discussion and Analysis

Compensation, Philosophy and Objectives

Remuneration plays an important role in attracting, motivating, rewarding and retaining knowledgeable and skilled individuals to the Resulting Issuer's management team. The Resulting Issuer will not have a formal compensation policy. The main objectives the Resulting Issuer hopes to achieve through its compensation are:

- to attract and retain executives critical to the Resulting Issuer's success, who will be key in helping the Issuer achieve its corporate objectives and increase shareholder value;
- to motivate the Resulting Issuer's management team to meet or exceed targets;
- to recognize the contribution of executive directors to the overall success and strategic growth of the Resulting Issuer; and
- to align the interests of management and the Resulting Issuer's shareholders by providing performance based compensation in addition to salary.

The Resulting Issuer's Board will determine an appropriate amount of compensation for its executives, reflecting the need to provide incentive and compensation for the time and effort expended by the executives while taking into account the financial and other resources of the Resulting Issuer.

The Resulting Issuer's management will not be permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities of the Resulting Issuer granted as compensation or held, directly or indirectly, by management. The Resulting Issuer Board will determine the allocation and terms of any stock option grants.

Analysis of Elements

Base salary is used to provide the Resulting Issuer NEOs a set amount of money during the year with the expectation that each Resulting Issuer NEO will perform his/her responsibilities to the best of his/her ability and in the best interests of the Resulting Issuer.

Kenna and Saturna expects the proposed granting of incentive stock options by the Resulting Issuer to be a significant component of executive compensation as it allows the Resulting Issuer to reward each Kenna NEO's efforts to increase value for shareholders without requiring the Resulting Issuer to use cash from its treasury. On Closing of the Acquisition, the incentive stock option plan of the Resulting Issuer will be the Plan. Stock options are generally expected to be awarded to directors, officers, consultants and employees immediately following the Acquisition and periodically thereafter. The terms and conditions of the Resulting Issuer's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Plan.

Compensation Governance

The Resulting Issuer Board will determine an appropriate amount of compensation for its executives, reflecting the need to provide incentive and compensation for the time and effort expended by the executives while taking into account the financial and other resources of the Issuer. The Resulting Issuer's Board will regularly consider the implications of the risks associated with the Resulting Issuer's compensation practices; however, given the Resulting Issuer's size and nature of proposed compensation provided to its executives, the directors of Kenna and Saturna do not view significant risk that would be likely to have a material adverse effect on the Resulting Issuer arising from its proposed compensation practices. The Resulting Issuer will not have a Compensation Committee.

Compensation of Named Executive Officers - Summary compensation table

The following table sets out information concerning the proposed compensation to be paid by the Resulting Issuer to the Resulting Issuer NEOs for the first 12 months after the Closing. We note the following is subject to change as determined by business and financial considerations of the Resulting Issuer after Closing

Name and principal position	Salary ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total compensation ($)
				Annual incentive plans	Long-term incentive plans			
Anwar Sukkarie, President, CEO, Chairman and a Director (1)	222,000(1)	-nil-(3)	100,932 (2)	-nil-	-nil-	-nil-	-nil-	322,932(3)
Juliet Jones, CFO, Secretary and a Director	158,400(4)	-nil-	50,466 (2)	-nil-	-nil-	-nil-	-nil-	208,866

Notes:

(1) In the event that Mr. Sukkarie earns any compensation from Loop, his annual compensation shall be reduced by that amount. $150,000 of Mr. Sukkarie's compensation will be settled by the issuance of Common Shares. In the event that gross proceeds of less than $1,350,000 are raised pursuant to the Private Placement, Mr. Sukkarie's salary for the period from June 1, 2016 to December 31, 2016 will be reduced by $42,000. See "Part III – The Resulting Issuer – Executive Compensation – Employment Arrangements and Agreements".

(2) The grant date fair value of option-based awards has been determined by using the Black-Scholes model. This value is the same as the fair value established in accordance with generally accepted accounting principles and was determined using the following assumptions: share price volatility of 125.20%, an expected life of 5 years and a risk-free interest rate of approximately 0.67%. The Black-Scholes model is the industry standard and accordingly is useful for comparative purposes.

(3) Does not include the issuance of the Performance Shares.

(4) This amount will be reduced to $118,800 in the event the Private Placement closes for gross proceeds of less than $1,350,000.

In connection with the Acquisition, the Performance Shares will be reserved for issuance to Anwar Sukkarie, subject to the performance of specified criteria, which will be approved by the Resulting Issuer Board. The Performance Shares are to be issued to provide Mr. Sukkarie with a meaningful ownership position to ensure the Resulting Issuer's goals are aligned with those of the holders of Common Shares. See "Part II – Saturna – Non-Arm's Length Party Transactions of Saturna – Performance Shares".

During the year ended December 31, 2015, Saturna paid its employees and executive officers 50% of their remuneration in salary and settled the remaining 50% by the issuance of Saturna Shares, in order to preserve capital. Effective January 1, 2016, and unless otherwise stated, it is expected that salaries will be paid in cash, with the additional potential issuance of the Performance Shares to Mr. Sukkarie, as well as incentive stock options which may be awarded to Eligible Persons.

Compensation of Directors

It is anticipated that the Resulting Issuer may grant stock options to directors in recognition of the time and effort that such directors devote to the Resulting Issuer.

Stock Option Plan and other Incentive Plans

The Resulting Issuer Stock Option Plan will be the same as the Plan. For details about the Plan see "Part 1 – The Issuer – Options to Purchase Securities of the Issuer".

Employment Arrangements and Agreements

The Resulting Issuer will assume the Sukkarie Employment Agreement, under which his gross compensation shall be $222,000 for the year ending December 31 2016, provided that, in the event that gross proceeds from the private placement are less than $1,350,000, such amount will be reduced to $150,000. Pursuant to the Sukkarie Employment Agreement, $150,000 of Mr. Sukkarie's salary for the year ended December 31, 2016 will be paid by the issuance of 223,880 Common Shares at a deemed price of $0.67 per Common Share, which shares shall be issuable as to 111,940 Common Shares on June 30, 2016, and 111,940 on December 31, 2016, provided that he remains an employee of the Reporting Issuer or Saturna. In the event that Mr. Sukkarie's employment is terminated the amount paid in shares will be prorated over the portion of the year that he was employed. Mr. Sukkarie has the option of receiving up to his entire salary of $222,000 in Common Shares in years subsequent to December 31, 2016. In the event of Mr. Sukkarie's dismissal without cause, or pursuant to a "change of control", Mr. Sukkarie will be entitled to severance pay of one year's salary plus one additional month's salary for every year worked, subject to a maximum of 24 months. See "Part II – Saturna – Non-Arm's Length Party Transactions of Saturna – Performance Shares".

The Resulting Issuer is expected to enter into an employment agreement with Ms. Jones under which her compensation shall be $158,400 for the year ending December 31, 2016. In the event the Private Placement closes for gross proceeds of less than $1,350,000 Ms. Jones' compensation shall be reduced to $118,800 for the 12 months following Closing only. Under the employment agreement with Ms. Jones, in the event of her dismissal without cause, or pursuant to a "change of control", she shall be entitled to severance of six month's salary plus one additional month's salary for every additional year worked, subject to a maximum of 12 months.

INVESTOR RELATIONS AGREEMENTS

The Issuer has not entered into any written or oral agreement or understanding with any Person to provide any promotional or investor relations services for the Resulting Issuer or its securities or to engage in activities for the purpose of stabilizing the market. Any such agreement or understanding that may be entered into following the Closing will be at the determination of the Board.

ESCROWED SECURITIES

Value Security Escrow Agreement

The following table sets forth the relevant particulars of Common Shares in the Resulting Issuer which are expected to be held by principals and other shareholders of the Resulting Issuer and subject to escrow following Closing:

NAME AND MUNICIPALITY OF RESIDENCE OF SHAREHOLDER	Designation of Class	Prior to Giving Effect to the Acquisition		After Giving Effect to the Acquisition(1)	
		Number of Securities held in Escrow	Percentage of Class	Number of Securities to be held in Escrow	Percentage of Class
Anwar Sukkarie Vancouver, BC	Common	-nil-	-nil-	8,941,408	68.86%
Juliet Jones West Vancouver, BC	Common	-nil-	-nil-	1,757,289	13.53%
Saood Aljneibi Abu Dhabi, UAE	Common	-nil-	-nil-	1,313,944	10.12%
Ranjodh (Joe) Dhami Vancouver, BC	Common	-nil-	-nil-	502,500	3.87%
Clive Wright Vancouver, BC	Common	-nil-	-nil-	67,000	0.52%
Tarek Ward Vancouver, BC	Common	-nil-	-nil-	33,500	0.26%
Mustafa Eisa Mustafa and Sahar Esmat Khalil Jeddah, Saudi Arabia	Common	-nil-	-nil-	251,250	1.93%

NAME AND MUNICIPALITY OF RESIDENCE OF SHAREHOLDER	Designation of Class	Prior to Giving Effect to the Acquisition		After Giving Effect to the Acquisition(1)	
		Number of Securities held in Escrow	Percentage of Class	Number of Securities to be held in Escrow	Percentage of Class
Marwan Chatila London, UK	Warrants exercisable into Common Shares	-nil-	-nil-	47,552	0.37%
Othman Domiati Monaco	Warrants exercisable into Common Shares	-nil-	-nil-	23,776	0.18%
Nicholas Chatila Beirut, Lebanon	Warrants exercisable into Common Shares	-nil-	-nil-	47,552	0.37%
Total:		-nil-	-nil-	12,985,772	100%

Note:

(1) The calculations in this table assume the completion of the Maximum PP.

The Common Shares set forth in the table above will be held in escrow by the Escrow Agent pursuant to a Value Security Escrow Agreement. The escrowed securities shall be released as to 10% immediately following the issuance of the Final Exchange Bulletin and as to 15% every six months thereafter.

General

If the Resulting Issuer meets the Exchange's Tier 1 minimum listing requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed Common Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals of the Resulting Issuer.

The Value Security Escrow Agreement provides, inter alia, that all voting rights attached to escrowed securities shall be exercised by the registered holder of such securities.

Voluntary Resale Restrictions

Pursuant to the terms of the Acquisition Agreement, 25 Saturna shareholders agreed to have the Common Shares issued to them pursuant to the Acquisition subject to voluntary resale restrictions, over and above those imposed by applicable securities laws. These voluntary resale restrictions place an absolute restriction on the ability of applicable Resulting Issuer shareholders to resell their Common Shares and will be released in four equal 25% tranches four, eight, twelve and sixteen months from Closing. A total of 9,359,952 Common Shares of the Resulting Issuer will be subject to these voluntary resale restrictions.

AUDITORS, TRANSFER AGENT AND REGISTRAR

From Closing, the auditor of the Resulting Issuer will be Dale Matheson Carr-Hilton LaBonte LLP.

The Transfer Agent will continue to be the transfer agent and registrar for the Common Shares of the Issuer.

SPONSORSHIP

Pursuant to the policies of the Exchange, Saturna and Kenna are seeking a discretionary waiver from the Exchange in respect of its sponsorship requirements – if obtained no sponsor will be engaged in connection with the Acquisition.

EXPERTS

Opinions

The financial statements of the Issuer included in this filing statement have been audited by Dale Matheson Carr-Hilton LaBonte LLP, as set forth in their audit reports. Dale Matheson Carr-Hilton LaBonte LLP is the independent auditor of the Issuer and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

The financial statements of Saturna included in this filing statement have been audited by Jackson & Company, as set forth in their audit reports. Jackson & Company is the independent auditor of the Issuer and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

Interests of Experts

No Person who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement has, or will have immediately following completion of the Acquisition, any direct or indirect interest in the Resulting Issuer or Saturna.

BOARD APPROVAL

The Board has approved this Filing Statement.

PART IV – DESCRIPTION OF RISK FACTORS ASSOCIATED WITH THE ACQUISITION

The following risk factors should be carefully considered in evaluating the Issuer, Saturna, the Resulting Issuer and the Acquisition.

The risks presented below may not be all of the risks that the Resulting Issuer and Saturna may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. The Management Discussion and Analysis of Saturna attached as Schedule “D” hereto, as well as other sections of this Filing Statement, include additional factors that could have an effect on the business and financial performance of the business following the completion of the Acquisition. The market in which Saturna currently competes is very competitive and changes rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results. All references to Saturna in this Part IV refer to the consolidated business of Saturna and the Resulting Issuer following Closing.

RISKS RELATED TO THE RESULTING ISSUER’S BUSINESS

Saturna has a history of losses, and the Resulting Issuer may be unable to achieve or sustain profitability.

Saturna has experienced net losses in each year since its inception and, as of December 31, 2015, had an accumulated deficit of $3,764,138. The Resulting Issuer expects to incur a net loss in 2016. Saturna and the Resulting Issuer do not know if business operations will become profitable or if the Resulting Issuer will continue to incur net losses in 2017 and beyond. The Resulting Issuer expects to incur significant future expenses as it develops and expands its business, which will make it harder for the Resulting Issuer to achieve and maintain future profitability. The Resulting Issuer may incur significant losses in the future for a number of reasons, including the other risks described in this Filing Statement, and the Resulting Issuer may encounter unforeseen expenses, difficulties, complications, delays and other unknown events. Accordingly, the Resulting Issuer may not be able to achieve or maintain profitability.

Because many of the Resulting Issuer's expenses will be fixed, the Resulting Issuer may not be able to limit its losses if the Resulting Issuer fails to achieve forecasted revenue.

To commence scooter sharing trials in three cities the Resulting Issuer may be required to make significant investments in vehicles and operations. If the trials are unsuccessful and the Resulting Issuer's services do not increase as quickly as the Resulting Issuer has anticipated, or if there is a lack of demand for the Resulting Issuer's services, the Resulting Issuer may be unable to offset these costs, and the Resulting Issuer's operating results may be adversely affected as a result of high operating expenses, reduced margins, underutilization of capacity and asset impairment charges.

Scooter sharing is a relatively new market, and the rate of adoption and the Resulting Issuer's associated growth in the anticipated markets may not be representative of rates of adoption or future growth in other markets.

The Resulting Issuer is expected to derive over 80% of its revenues in 2017 and subsequent years from scooter sharing, a relatively new and rapidly evolving market. If the market for scooter sharing fails to grow or grows more slowly than the Resulting Issuer currently anticipates, the Resulting Issuer's business would be negatively affected. To date, the Resulting Issuer has targeted markets the Resulting Issuer believes are the most likely to adopt scooter sharing. However, there is no assurance the Resulting Issuer will be successful in these markets or will be able to expand beyond these markets.

The Resulting Issuer may not be able to grow at the rate anticipated and the initial growth rate will likely not be sustainable. Failure to maintain an adequate growth rate will adversely affect the Resulting Issuer's business.

Saturna's revenues have grown and the Resulting Issuer's revenues may continue to grow over the next two years at a rate that is not sustainable in future periods. The revenue growth of any prior quarterly or annual period may not be a valid indication of the Resulting Issuer's future performance. If the Resulting Issuer is unable to maintain adequate revenue growth, the Resulting Issuer's ability to become profitable may be adversely affected, and the Resulting Issuer may not have adequate resources to execute its business strategy.

The Resulting Issuer faces significant risks as it expands its operations internationally, which could harm the Resulting Issuer's business, operating results and financial condition.

Saturna's efforts to expand its operations into new international markets involve various direct and indirect risks. Direct risks are those risks borne directly by the Resulting Issuer. Indirect risks are the risks faced by operators in each market that could impact the Resulting Issuer's business and profitability indirectly. Such risks include the following:

- difficulties in contracting qualified operators with adequate capital to finance and operate scooter sharing services in each market;
- difficulties or delays in acquiring a critical mass of subscribers, vehicles and/or convenient parking locations;
- different driving expectations and patterns than those in North America;
- different legal and labor practices and customs;
- the need to adapt the Resulting Issuer's systems and subscriber interfaces for different languages, currencies and financial accounting practices;
- different data protection and privacy laws;
- different methods for checking the driving records of new subscribers; and

- difficulties in staffing and managing new operations.

As a result of these obstacles, the Resulting Issuer may find it impossible or prohibitively expensive to expand internationally or the Resulting Issuer may be unsuccessful in its attempt to do so, which could harm the Resulting Issuer's business, operating results and financial condition.

Growth may place significant demands on the Resulting Issuer's management and the Resulting Issuer's resources.

Saturna expects to experience substantial growth in its business. This growth has placed and may continue to place significant demands on the Resulting Issuer's management and Resulting Issuer's operational and financial resources. Saturna may not be able to provide the scale of operation necessary to meet the potential growth. Many of the Resulting Issuer's expected systems and operational practices were implemented when Saturna was at a smaller scale of operations. In addition, as the Resulting Issuer grows, the Resulting Issuer will need to implement new systems and software to help run the Resulting Issuer's operations. As the Resulting Issuer's operations grow in size, scope and complexity, the Resulting Issuer will need to continue to improve and upgrade the Resulting Issuer's systems and infrastructure to offer an increasing number of subscribers enhanced service, solutions and features. The Resulting Issuer may choose to commit significant financial, operational and technical resources in advance of an expected increase in the volume of business, with no assurance that the volume of business will increase. Continued growth could also strain the Resulting Issuer's ability to maintain reliable service levels for existing and new subscribers, which could adversely affect the Resulting Issuer's reputation and the Resulting Issuer's business. For example, if the Resulting Issuer experiences demand for the Resulting Issuer's vehicles in excess of the Resulting Issuer's estimates, the Resulting Issuer's fleet may be insufficient to support the higher demand, which could harm the Resulting Issuer's subscriber experience and overall reputation.

Future acquisitions could disrupt the Resulting Issuer's business and harm the Resulting Issuer's financial condition and operating results.

The Resulting Issuer's success will depend, in part, on the Resulting Issuer's ability to expand the Resulting Issuer's markets and grow the Resulting Issuer's business in response to changing technologies, subscriber needs and competitive pressures. The Resulting Issuer may seek to grow the Resulting Issuer's business by acquiring complementary businesses, solutions or technologies. The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and the Resulting Issuer may not be able to successfully complete identified acquisitions. In addition, the Resulting Issuer may not be able to successfully assimilate and integrate the business, technologies, solutions, personnel or operations of any company the Resulting Issuer acquire. Acquisitions may also involve the entry into geographic or business markets in which the Resulting Issuer has little or no prior experience. Moreover, the anticipated benefits of any acquisition, investment or business relationship may not be realized or the Resulting Issuer may be exposed to unknown liabilities. For one or more of those transactions, the Resulting Issuer may:

- issue additional equity securities that would dilute the holders of Common Shares;
- use cash that the Resulting Issuer may need in the future to operate its business;
- incur debt on terms unfavorable to the Resulting Issuer or that the Resulting Issuer is unable to repay;
- incur large charges or expenses or assume substantial liabilities;
- encounter difficulties retaining key employees of the acquired companies or integrating diverse software codes or business cultures; and
- become subject to adverse tax consequences, substantial depreciation or deferred compensation charges.

Any of these risks could harm the Resulting Issuer's business and operating results.

Manufacturer safety recalls could create risks to the Resulting Issuer's business.

Scooters sold by Saturna to its operators may be subject to safety recalls by their manufacturers. Under certain circumstances, the recalls may cause an interruption of the service. Saturna and its operators may decline to allow scooters to be reserved or used until the Resulting Issuer can arrange for the steps described in the recalls to be taken. If a large number of vehicles are the subject of simultaneous recalls, or if needed replacement parts are not in adequate supply, recalled vehicles may not be used in operations for a significant period of time. Depending on the severity of the recall, it could materially adversely affect the Resulting Issuer's revenues, create bad will with some of the subscribers and harm the Resulting Issuer's general reputation and brand.

The Resulting Issuer faces risks related to liabilities resulting from the use of the Resulting Issuer's vehicles by the anticipated LOOP subscribers.

The Resulting Issuer's business may expose it to claims for personal injury, death and property damage resulting from the use of scooters by the anticipated LOOP subscribers. For example, a subscriber may be using a scooter that has worn tires or some mechanical or other problem, including a manufacturing defect, that contributes to an accident that results in a death or significant property damage for which the Resulting Issuer may be liable. In addition, it is expected that the Resulting Issuer will depend on the anticipated LOOP subscribers, operators and third-party service providers to inspect the vehicles prior to driving in order to identify any potential damage or safety concern with the vehicle.

The Resulting Issuer could be negatively impacted if losses for which the Resulting Issuer does not have third-party insurance coverage increase or the Resulting Issuer's insurance coverages prove to be inadequate.

The Resulting Issuer will not have third-party insurance coverage for damage to scooters, and with the exception of Vancouver, British Columbia trials, the Resulting Issuer does not expect to have third-party insurance coverage for bodily injury and property damage resulting from subscriber accidents involving LOOP scooters. The Resulting Issuer anticipates that individual operators in each city outside of Vancouver, British Columbia trials will obtain liability insurance in respect of each scooter in service in such city. The Resulting Issuer expects to account for vehicle damage or total loss at the time such damage or loss is incurred. Also, because the Resulting Issuer will be responsible for damage to vehicles, deterioration in claims management, whether by management or by a third-party claims administrator, could lead to delays in settling claims, thereby increasing claim costs. In addition, catastrophic uninsured claims filed against the Resulting Issuer or the inability of insurance carriers to pay otherwise-insured claims would have an adverse effect on financial condition.

The impact of worldwide economic conditions, including the resulting effect on consumer spending, may adversely affect the Resulting Issuer's business, operating results and financial condition.

The Resulting Issuer's anticipated performance will be subject to worldwide economic conditions, and in particular their impact on levels of consumer spending. Consumer purchases of discretionary items generally decline during recessionary periods and other periods in which disposable income is adversely affected. Because a significant portion of spending for the Resulting Issuer's services may be considered to be discretionary, declines in consumer spending may have a more negative effect on the Resulting Issuer's business than on those businesses that sell products or services considered to be necessities.

The Resulting Issuer expects a number of factors may cause the Resulting Issuer's operating results to fluctuate on a quarterly basis, which may make it difficult to predict the Resulting Issuer's future performance.

The Resulting Issuer's revenues and operating results could vary significantly from quarter to quarter because of a variety of factors, many of which are outside of the Resulting Issuer's control. As a result, comparing the Resulting Issuer's operating results on a period-to-period basis may not be meaningful. In addition to other risk factors discussed in this section, factors that may contribute to the variability of the Resulting Issuer's quarterly results include:

- the impact of worldwide economic conditions and their impact on levels of consumer spending;
- the high fixed costs inherent in the Resulting Issuer's business, which limit the Resulting Issuer's ability to adjust for period-to-period changes in demand;

- the effects of natural disruptions in the Resulting Issuer's major metropolitan areas, including snow and long periods of rain or other inclement weather patterns in any of the Resulting Issuer's markets;

- system interruptions that impair access to the Resulting Issuer's website, key vendors or communication with the Resulting Issuer's vehicles and any related impact on the Resulting Issuer's reputation;

- the Resulting Issuer's ability to forecast revenues accurately and appropriately plan the Resulting Issuer's expenses; and

- the impact of fluctuations in currency exchange rates.

In addition, the Resulting Issuer's operating results may not meet the expectations of investors or public market analysts who follow the Resulting Issuer.

Managing the Resulting Issuer's growth will require significant expenditures and allocation of valuable management resources. If the Resulting Issuer fails to achieve the necessary level of efficiency in the Resulting Issuer's organization as it grows, the Resulting Issuer's business, operating results and financial condition would be harmed.

Seasonality may cause fluctuations in the Resulting Issuer's financial results.

The Resulting Issuer expects to experience some effects of seasonality and the Resulting Issuer's revenue is expected to fluctuate due to inclement weather conditions, such as snow or heavy rain. There may be an increase in travel during university months, or where tourism is a factor, during popular tourist seasons. In the future, this seasonality may cause fluctuations in financial results. In addition, other seasonality trends may develop and anticipated subscriber behaviour may change.

The market for scooter sharing services is becoming increasingly competitive, and if the Resulting Issuer fails to compete effectively the Resulting Issuer's business will suffer.

The Resulting Issuer expect that the competitive environment for the Resulting Issuer's scooter sharing service will become more intense as additional companies enter the Resulting Issuer's anticipated markets. In addition, competitors may increase the number of vehicles in their fleets or enhance the vehicle offerings in their existing fleets to be more competitive, and additional competitors may enter the Resulting Issuer's anticipated markets. Some of the Resulting Issuer's competitors may respond more quickly to new or emerging technologies and changes in driver preferences or requirements that may render the Resulting Issuer's services less desirable or obsolete. These competitors could introduce new solutions with competitive price and convenience characteristics or undertake more aggressive marketing campaigns than the Resulting Issuer anticipates undertaking. The Resulting Issuer believes that price is one of the primary competitive factors in the Resulting Issuer's market and pricing in the Resulting Issuer's markets is very transparent. The Resulting Issuer's competitors, some of whom may have access to substantial capital, may seek to compete aggressively on the basis of pricing. To the extent that the Resulting Issuer decreases the Resulting Issuer's anticipated pricing as a result of downward pricing by the Resulting Issuer's competitors and are not able to reduce the Resulting Issuer's operating costs, it could have a material adverse impact on the Resulting Issuer's results of operations, as the Resulting Issuer may lose subscribers and experience a decrease in subscriber reservations.

The Resulting Issuer's growth depends on the ability of operators to obtain and maintain a sufficient number of parking locations that are convenient to the anticipated LOOP subscribers.

Because the anticipated LOOP subscribers are located primarily in cities, the Resulting Issuer will have to compete for limited parking locations in the cities in which the LOOP services are offered. Many of these cities are densely populated and parking locations may not be available at locations that are convenient to the anticipated LOOP subscribers or on terms that are commercially reasonable. Operators are expected to work with local authorities to obtain parking locations and may encounter resistance from local businesses and residents because, once obtained by the Resulting Issuer, these parking locations would no longer be generally available to the residents or the customers of the local businesses. If operators are unable to obtain and maintain a sufficient number of parking locations that are convenient to the anticipated LOOP subscribers, the Resulting Issuer's ability to attract and retain subscribers would suffer.

The Resulting Issuer's success depends on the anticipated LOOP subscribers' continued low cost, high-speed access to the Internet and the continued reliability of the Internet infrastructure.

Because the LOOP scooter services are designed primarily to work over the Internet, the Resulting Issuer's revenue will depends on low cost, high-speed access to the Internet, as well as the continued maintenance and development of the Internet infrastructure, including the wireless Internet infrastructure. The future delivery of the Resulting Issuer's services will depend on third-party Internet service providers to expand high-speed Internet access, to maintain a reliable network with the necessary speed, data capacity and security, and to develop complementary products and services for providing reliable and timely Internet access and services. The success of the Resulting Issuer's business will depend directly on the continued accessibility, maintenance and improvement of the Internet as a convenient means of customer interaction. All of these factors are out of the Resulting Issuer's control.

System interruptions that impair access to the Resulting Issuer's website or disrupt communications with the Resulting Issuer's vehicles or operator would damage the Resulting Issuer's reputation and brand and subscriber experience, which could substantially harm the Resulting Issuer's business and operating results.

The satisfactory performance, reliability and availability of the Resulting Issuer's reservation system software, website and network infrastructure are critical to the Resulting Issuer's reputation, the Resulting Issuer's ability to attract and retain potential subscribers and the Resulting Issuer's ability to maintain adequate service levels. Any systems interruption that results in the unavailability of the Resulting Issuer's website or a disruption in the Resulting Issuer's vehicle communications platform could result in negative publicity, damage the Resulting Issuer's reputation and brand and cause the Resulting Issuer's business and operating results to suffer. The Resulting Issuer may experience temporary system interruptions (either to the Resulting Issuer's website or to the hardware systems in the Resulting Issuer's scooters) for a variety of reasons, including network failures, power failures, cyber-attacks, software errors or an overwhelming number of subscribers or visitors trying to reach the Resulting Issuer's website during periods of strong demand. Because the Resulting Issuer expects to be dependent, in part, on third parties for the implementation and maintenance of certain aspects of the Resulting Issuer's systems and because some of the causes of system interruptions may be outside of the Resulting Issuer's control, the Resulting Issuer may not be able to remedy such interruptions in a timely manner, or at all. Problems faced by the Resulting Issuer's third-party web hosting provider, with the telecommunications network providers with which it expects to contracts or with the systems by which it expects to allocate capacity among its customers, including the Resulting Issuer, could adversely impact the experience of the anticipated LOOP subscribers.

Much of the Resulting Issuer's software is proprietary, and it relies on the expertise of the Resulting Issuer's engineering and software development teams for the continued performance of the Resulting Issuer's software and computer systems. Service interruptions, errors in the Resulting Issuer's software or the unavailability of the Resulting Issuer's website could diminish the overall attractiveness of the services to potential subscribers.

The Resulting Issuer's servers will be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to interruptions and delays in service and operations as well as loss, misuse or theft of data. Any attempts by hackers to disrupt the Resulting Issuer's website service or internal systems, if successful, could harm the Resulting Issuer's business, be expensive to remedy and damage the Resulting Issuer's reputation or brand. The Resulting Issuer's insurance does not cover expenses related to direct attacks on the Resulting Issuer's website or internal systems. Efforts to prevent hackers from entering the Resulting Issuer's computer systems are expensive to implement and may limit the functionality of the Resulting Issuer's services. Any significant disruption to the Resulting Issuer's website or internal computer systems could result in a loss of subscribers and adversely affect the Resulting Issuer's business and results of operations.

If the Resulting Issuer's efforts to build strong brand identity and maintain a high level of subscriber satisfaction and loyalty are not successful, the Resulting Issuer may not be able to attract or retain subscribers, and the Resulting Issuer's operating results may be adversely affected.

The Resulting Issuer will endeavour to build and maintain strong brand identity. Member awareness of, and the perceived value of, the LOOP brand will depend largely on the success of marketing efforts and ability to provide a consistent, high-quality subscriber experience. Failure to provide the anticipated LOOP subscribers with high-quality reservation and drive experiences for any reason could substantially harm the Resulting Issuer's reputation and adversely affect its efforts to develop as a trusted brand. To promote the LOOP and LOOPShare brand, the

Resulting Issuer expects to incur substantial expense related to advertising and other marketing efforts, but the Resulting Issuer cannot be sure that this investment will be profitable.

From time to time, the Resulting Issuer's subscribers may express dissatisfaction with service levels, including the LOOP scooter inventory, available reservation times and response time with respect to questions or incidents with the LOOP scooters. Members who return vehicles late, without sufficient charge or in an unclean condition adversely affect other subscribers' experiences, which can also cause dissatisfaction with LOOP service. To the extent dissatisfaction with LOOP service is widespread or not adequately addressed, the Resulting Issuer's reputation could be harmed, and efforts to develop LOOP and LOOPShare as a trusted brand would be adversely impacted. If the Resulting Issuer's efforts to promote and maintain its brand are not successful, the Resulting Issuer's operating results and ability to attract and retain subscribers may be adversely affected.

The Resulting Issuer expects to rely on third party operators and on third-party support service providers to deliver the LOOP services to the anticipated LOOP subscribers. If these service providers experience operational difficulties or disruptions, business could be adversely affected.

The Resulting Issuer intends to engage third party owner/operators to operate, finance and market scooter sharing operations world-wide. Such operators may also depend on third-party service providers to deliver LOOP services to subscribers. In addition, the Resulting Issuer may rely on a limited number of data center facilities, which are expected to be located in Canada and may engage third-party support service providers to handle the Resulting Issuer's routine subscriber support calls. The Resulting Issuer will not control the operation of these providers. If the owner/operators or third-party service providers terminate their relationship with the Resulting Issuer, or do not provide an adequate level of service to the Resulting Issuer's subscribers, it would be disruptive to business and replacement of these owner/operators or services providers may cause interruption of the services, perhaps for a significant period of time, damaging the Resulting Issuer's reputation, the reputation of the LOOP brand, and could potentially result in a reduction in market share and adversely affect financial results of the Reporting Issuer.

If the security of subscribers' confidential information stored in the Resulting Issuer's systems is breached or otherwise subjected to unauthorized access, the Resulting Issuer's reputation or brand may be harmed, and the Resulting Issuer may be exposed to liability and a loss of subscribers.

It is expected that the Resulting Issuer's system will store, process and transmit subscribers' confidential information including driver license numbers and other sensitive data. Presently the Reporting Issuer plans to outsource the storing, processing and transmission of credit card information to a third party service provider. It is expected that the Resulting Issuer will rely on encryption, authentication and other technologies licensed from third parties, as well as administrative and physical safeguards, to secure such confidential information. Any compromise of the Resulting Issuer's security or the security of the service provider could damage the Resulting Issuer's reputation and brand and expose the Resulting Issuer to a risk of loss, costly litigation and liability that would substantially harm the Resulting Issuer's business and operating results. The Resulting Issuer and the Resulting Issuer's third-party data center facilities may not adequately assess the internal and external risks posed to the security of the Resulting Issuer's systems and information and may not implement adequate preventative safeguards or take adequate reactionary measures in the event of a security incident. In addition, many jurisdictions have enacted laws requiring companies to notify individuals and often state authorities of data security breaches involving their personal data. These mandatory disclosures regarding a security breach often lead to widespread negative publicity, which may cause the anticipated LOOP subscribers to lose confidence in the effectiveness of the Resulting Issuer's data security measures. Any security breach, whether successful or not, would harm the Resulting Issuer's reputation and brand, and it could cause the loss of subscribers.

Failure to comply with data protection standards may cause the Resulting Issuer to lose the ability to offer subscribers a credit card payment option which would increase the Resulting Issuer's costs of processing scooter reservations and make the Resulting Issuer's services less attractive to subscribers.

Major payment card issuers have adopted data protection standards and it is expected that such standards will be incorporated into contracts with the Resulting Issuer. If the Resulting Issuer or its service provider fails to maintain compliance with the data protection and documentation standards adopted by major payment card issuers and applicable to the Resulting Issuer, these issuers could raise the rates they charge the Resulting Issuer for payment card transactions, impose fines and penalties on the Resulting Issuer, or terminate their agreements with the

Resulting Issuer, and the Resulting Issuer could even lose the Resulting Issuer's ability to offer subscribers a credit card payment option. It is expected that substantially all subscribers will reserve scooters online with a credit card, and the Resulting Issuer's business is expected to depend substantially upon its ability to offer a credit card payment option. Fines, penalties, and increases in the rates charged for payment card transactions could adversely affect the Resulting Issuer's financial results. Any loss of the Resulting Issuer's ability to offer subscribers a credit card payment option would make the Resulting Issuer's services less attractive to them and hurt the Resulting Issuer's business and cause a loss of revenue. The Resulting Issuer's anticipated administrative costs related to subscriber payment processing would also increase significantly if the Resulting Issuer were not able to accept credit card payments for scooter reservations.

The Resulting Issuer's web-based model may render the Resulting Issuer more susceptible to fraudulent transactions than in-person scooter rental companies, which may negatively affect the Resulting Issuer's revenues and profitability.

Because it is expected that credit card purchases will be competed online, it is not expected that signatures will be obtained from subscribers in connection with the use of credit cards by them. Under current credit card practices, to the extent cardholders' signatures are not obtained, the Resulting Issuer may be liable for fraudulent credit card transactions, even when the associated financial institution approves payment of the orders. Fraudulent credit cards may be used on the Resulting Issuer's website through its service provider to subscriber for the Resulting Issuer's services and to make subsequent reservations. Typically, these credit cards would not have been registered as stolen and would not therefore be rejected by anticipated automatic authorization safeguards. The Resulting Issuer does not currently carry insurance against the risk of fraudulent credit card transactions. A failure to adequately control fraudulent credit card transactions would harm the Resulting Issuer's business and results of operations.

Failure to comply with various state, county and city laws, including the collection of sales or related taxes, could harm the Resulting Issuer's results of operations.

The Resulting Issuer's business is subject to various local and state tax collection requirements with respect to its provision of services and LOOP scooters. Amounts that the Resulting Issuer is expected to be required to collect change frequently. As a result, the Resulting Issuer will need to continually ensure proper taxes are collected and remitted to the appropriate tax agencies. If the Resulting Issuer does not collect the appropriate taxes from its owner/operators, the Resulting Issuer may need to pay more than what it has collected. In addition the Resulting Issuer may be audited by various states and agencies to ensure compliance with tax collection requirements. Such audits could result in additional sales or other tax collection obligations on the Resulting Issuer which the Resulting Issuer may not be able to recover from its owner/operators. Such obligations could have a material adverse impact on the Resulting Issuer's future operating results.

Federal, state, provincial, city and other similar taxing authorities may require the owner/operators or the anticipated LOOP subscribers to pay a rental tax each time a scooter is reserved. Imposing such tax would have a material adverse effect on the Resulting Issuer's business.

Failure to adequately protect the Resulting Issuer's intellectual property could substantially harm the Resulting Issuer's business and operating results.

Because the Resulting Issuer's business depends substantially on the Resulting Issuer's intellectual property, including the Resulting Issuer's proprietary vehicle platform system, the protection of the Resulting Issuer's intellectual property rights is expected to be crucial to the success of the Resulting Issuer's business. The Resulting Issuer may rely on a combination of trademark, trade secret and copyright law and contractual restrictions to protect the Resulting Issuer's intellectual property. These afford only limited protection. Despite the Resulting Issuer's expected efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of the Resulting Issuer's website features, software and functionality or obtain and use information that the Resulting Issuer considers proprietary, such as the technology used to operate the Resulting Issuer's website, the Resulting Issuer's content and the Resulting Issuer's trademarks. Moreover, policing the Resulting Issuer's proprietary rights is difficult and may not always be effective. In particular, the Resulting Issuer may need to enforce the Resulting Issuer's rights under the laws of countries that do not protect proprietary rights to as great an extent as do the laws of the United States.

Saturna is in the process of securing international trademark protection for its brand names "LOOP" and "LOOPShare" in relation to its corporate and scooter sharing operations in both classes 12 (Vehicles; apparatus for locomotion by land, air or water) and 39 (Transport and travel arrangement), in the United States, Canada, Lebanon and the European Community. Competitors may adopt service names similar to ours, thereby impeding the Resulting Issuer's ability to build brand identity and possibly leading to confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of the term LOOP or LOOPShare or any other trademarks of the Resulting Issuer, in future. From time to time, the Resulting Issuer may acquire or attempted to acquire Internet domain names held by others when such names cause consumer confusion or have the potential to cause consumer confusion.

Litigation or proceedings before the PTO or other governmental authorities and administrative bodies in the United States, Canada and abroad may be necessary in the future to enforce the Resulting Issuer's intellectual property rights, to protect the Resulting Issuer's patent rights, trade secrets, trademarks and domain names and to determine the validity and scope of the proprietary rights of others. The Resulting Issuer's efforts to enforce or protect the Resulting Issuer's proprietary rights may be ineffective and could result in substantial costs and diversion of resources and could substantially harm the Resulting Issuer's operating results.

The Resulting Issuer's exposure to risks associated with the use of intellectual property may increase as a result of acquisitions, as the Resulting Issuer has a lower level of visibility into the development process with respect to acquired technology or the care taken to safeguard against infringement risks. Third parties may make infringement and similar or related claims after the Resulting Issuer has acquired technology that had not been asserted prior to the Resulting Issuer's acquisition.

If the Resulting Issuer is unable to protect the Resulting Issuer's domain names, the Resulting Issuer's reputation and brand could be adversely affected.

The Resulting Issuer currently holds various domain names relating to the Resulting Issuer's brand, including loopscooters.com, loopscooters.info, loopscooters.net, loopscooter.org, loopsal.com, loop-mobility.info and saturnagreen.com. Failure to protect the Resulting Issuer's domain names could adversely affect the Resulting Issuer's reputation and brand and make it more difficult for subscribers and potential subscribers to find the Resulting Issuer's website and the Resulting Issuer's scooter sharing service.

The acquisition and maintenance of domain names generally are regulated by governmental agencies and their designees. The regulation of domain names in the United States may change in the near future. Governing bodies may establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, the Resulting Issuer may be unable to acquire or maintain relevant domain names. Furthermore, the relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is unclear. The Resulting Issuer may be unable, without significant cost or at all, to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of the Resulting Issuer's trademarks and other proprietary rights.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.

The Resulting Issuer expects to principally rely on trade secrets to protect the Resulting Issuer's proprietary technologies. Saturna has devoted substantial resources to the development of its proprietary technology and related processes. In order to protect the Resulting Issuer's proprietary technology and processes, the Resulting Issuer intends to rely in significant part on confidentiality agreements with the Resulting Issuer's employees, licensees, independent contractors and other advisors. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover trade secrets and proprietary information, and in such cases the Resulting Issuer would not be able to assert any trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Resulting Issuer's proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect the Resulting Issuer's competitive business position.

The Resulting Issuer's failure to raise additional capital necessary to expand the Resulting Issuer's operations and invest in the Resulting Issuer's business could reduce the Resulting Issuer's ability to compete successfully.

The Resulting Issuer may require additional capital in the future and the Resulting Issuer may not be able to obtain additional debt or equity financing on favorable terms, if at all. If the Resulting Issuer raises additional equity financing, the shareholders of the Resulting Issuer may experience significant dilution of their ownership interests, and the per share value of the Common Shares could decline. Moreover, any new equity securities the Resulting Issuer issues could have rights, preferences and privileges senior to those of holders of the Resulting Issuer's Common Shares. If the Resulting Issuer engages in debt financing, the Resulting Issuer may be required to accept terms that restrict its ability to incur additional indebtedness and force it to maintain specified liquidity or other ratios. If the Resulting Issuer needs additional capital and cannot raise or otherwise obtain it on acceptable terms, it may not be able to, among other things:

- develop or introduce service enhancements to the anticipated LOOP subscribers;
- continue to expand the Resulting Issuer's development, sales and marketing and general and administrative organizations;
- acquire complementary technologies or businesses;
- expand the Resulting Issuer's operations;
- hire, train and retain employees; or
- respond to competitive pressures or unanticipated working capital requirements.

The Resulting Issuer will depend on key and highly skilled personnel to operate its business, and if the Resulting Issuer is unable to retain Saturna's current personnel or hire additional personnel, the Resulting Issuer's ability to develop and successfully market its business could be harmed.

The Resulting Issuer believes its future success will depend in large part upon the Resulting Issuer's ability to attract and retain highly skilled managerial, technical, finance and sales and marketing personnel. The Resulting Issuer plans to expand its work force domestically and as the Resulting Issuer grows its scooter sharing business internationally it plans to expand its work force both domestically and internationally. The Resulting Issuer expects to compete in the market for personnel against numerous companies, including larger, more established competitors which have significantly greater financial resources than the Resulting Issuer and which may be in a better financial position to offer higher compensation packages to attract and retain human capital. The Resulting Issuer cannot be certain that it will be successful in attracting and retaining the skilled personnel necessary to operate its business effectively in the future.

Moreover, the Resulting Issuer believes that its future success is highly dependent on the contributions of Saturna's executive team. All of Saturna's employees are at will employees, which means they may terminate their employment relationship with Saturna at any time. It is expected that the Resulting Issuer's employees will also be at will employees. Saturna's key employees possess a specialized knowledge of the Resulting Issuer's business and industry and would be extremely difficult to replace. In addition, the loss of any key employee or the inability to attract or retain qualified personnel could harm the market's perception of the Resulting Issuer and the Resulting Issuer's brand. Qualified individuals are in high demand, and the Resulting Issuer may incur significant costs to attract them. The Resulting Issuer may be unable to attract and retain suitably qualified individuals who are capable of meeting its growing operational and managerial requirements, or may be required to pay increased compensation in order to do so. If the Resulting Issuer is unable to attract and retain the qualified personnel it will need to succeed, its business will suffer.

The Resulting Issuer may become engaged in legal proceedings that could cause it to incur unforeseen expenses and could occupy a significant amount of the Resulting Issuer's management's time and attention.

The Resulting Issuer may be subject to litigation or claims that could negatively affect the Resulting Issuer's business operations and financial position. The Resulting Issuer may be subject to consumer class action lawsuits.

Litigation disputes could cause the Resulting Issuer to incur unforeseen expenses, could occupy a significant amount of management’s time and attention and could negatively affect the Resulting Issuer’s business operations and financial position.

The Resulting Issuer’s business is subject to the risks of earthquakes, fires, floods and other natural catastrophic events and to interruption by manmade problems such as computer viruses and terrorism.

The Resulting Issuer’s systems and operations are vulnerable to damage or interruption from earthquakes, volcanoes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins and similar events. For example, a significant natural disaster, such as an earthquake, fire or flood, could have a material adverse impact on the Resulting Issuer’s business, operating results and financial condition, and the Resulting Issuer’s insurance coverage may be insufficient to compensate the Resulting Issuer for losses that may occur. Acts of terrorism, which may be targeted at metropolitan areas which have higher population density than rural areas, could cause disruptions in the Resulting Issuer’s business or the economy as a whole. The Resulting Issuer’s servers may also be vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with the Resulting Issuer’s computer systems, which could lead to interruptions, delays, loss of critical data or the unauthorized disclosure of confidential subscriber data. The Resulting Issuer may not have sufficient protection or recovery plans in certain circumstances and the Resulting Issuer’s business interruption insurance (as and if carried by the Resulting Issuer) may be insufficient to compensate the Resulting Issuer for losses that may occur. As the Resulting Issuer expects to rely heavily on its servers, computer and communications systems and the Internet to conduct the Resulting Issuer’s business and provide a high quality subscriber experience, such disruptions could negatively impact the Resulting Issuer’s ability to run the Resulting Issuer’s business, which could have an adverse effect on the Resulting Issuer’s operating results.

The Resulting Issuer will incur significant increased costs as a result of operating as a public company, and the Resulting Issuer’s management will be required to devote substantial time to public company compliance requirements.

As a public company, the Resulting Issuer will incur significant legal, accounting and other expenses that Saturna did not incur as a private company. Applicable securities laws require public companies to meet certain corporate governance standards and fulfill continuous reporting requirements. The Resulting Issuer’s management and other personnel will need to devote a substantial amount of time to these requirements.

Moreover, these rules and regulations will increase the Resulting Issuer’s legal and financial compliance costs and will make some activities more time-consuming and costly. The Resulting Issuer is currently unable to estimate these costs with any degree of certainty.

In addition, applicable securities laws require that the Resulting Issuer maintain effective internal control over financial reporting and disclosure controls and procedures. The Resulting Issuer’s testing, or the subsequent testing by the Resulting Issuer’s accounting firm, may reveal deficiencies in the Resulting Issuer’s internal control over financial reporting that are deemed to be material weaknesses. As such, the Resulting Issuer may incur substantial accounting expense, expend significant management time on compliance related issues, and hire additional finance and accounting staff with appropriate public company experience and technical accounting knowledge. Moreover, if the Resulting Issuer is not able to comply with the requirements of applicable securities laws in a timely manner, the market price of the Common Shares would likely decline and the Resulting Issuer could be subject to lawsuits, sanctions or investigations by regulatory authorities, which would require additional financial and management resources.

RISKS RELATED TO OWNERSHIP OF THE COMMON SHARES

An active trading market for the Common Shares may not develop.

Although the Common Shares will be listed on the Exchange, an active trading market for the Common Shares may never develop or be sustained. In the absence of an active trading market for the Common Shares, holders may not be able to sell their Common Shares at or above a desired price or at the time that they would like to sell.

The Common Share price may be volatile, and the market price of the Common Shares may drop.

The market price of the Common Shares could be subject to significant fluctuations, and it may decline. Market prices for securities of early stage companies have historically been particularly volatile. As a result of this volatility, holders may not be able to sell Common Shares at or above a desired price, or at the time they would like to sell. Some of the factors that may cause the market price of the Common Shares to fluctuate include:

- fluctuations in the Resulting Issuer's quarterly financial results or the quarterly financial results of companies perceived to be similar to the Resulting Issuer;
- fluctuations in the Resulting Issuer's revenue due to decreases in subscribers or subscriber usage of scooters;
- changes in estimates of the Resulting Issuer's financial results or recommendations by securities analysts;
- failure of the Resulting Issuer's scooter sharing service to achieve or maintain market acceptance;
- changes in market valuations of similar companies;
- success of competitive service offerings or technologies;
- changes in the Resulting Issuer's capital structure, such as future issuances of securities or the incurrence of debt;
- announcements by the Resulting Issuer or the Resulting Issuer's competitors of significant services, contracts, acquisitions or strategic alliances;
- regulatory developments in applicable jurisdictions;
- litigation involving the Resulting Issuer;
- additions or departures of key personnel;
- investors' general perception of the Resulting Issuer; and
- changes in general economic, industry and market conditions.

In addition, if the market for technology and source sector equities or the stock market in general experiences a loss of investor confidence, the trading price of the Common Shares could decline for reasons unrelated to the Resulting Issuer's business, financial condition or results of operations. If any of the foregoing occurs, it could cause the Common Share price to fall.

Volatility of the Market Price of the Common Shares

The Common Shares will, following Closing, be listed on the Exchange. The Exchange is a significantly more limited market than the New York Stock Exchange or the NASDAQ Stock Market.

Securities of junior companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The Common Share trading price also is likely to be significantly affected by delays experienced in the Resulting Issuer's development plans, a decrease in the investor appetite for junior stocks, or by adverse changes in Resulting Issuer's financial condition or results of operations as reflected in Resulting Issuer's financial statements. Other factors unrelated to our performance that could have an effect on the price of Common Shares include the following:

- The trading volume and general market interest in Common Shares could affect a shareholder's ability to trade significant numbers of Common Shares; and

- The size of the public float in Common Shares may limit the ability of some institutions to invest in the Resulting Issuer's securities.

As a result of any of these factors, the market price of the Common Shares at any given point in time might not accurately reflect the Resulting Issuer's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Resulting Issuer could, in the future, be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

If securities or industry analysts do not publish or cease publishing research or reports about the Resulting Issuer, its business or its market, or if they adversely change their recommendations regarding the Common Shares, the Common Share price and trading volume could decline.

The trading market for the Common Shares will be influenced by research and reports that industry or securities analysts may publish about the Resulting Issuer, its business, its market or the its competitors. If any of the analysts who may cover the Resulting Issuer adversely change their recommendation regarding the Common Shares, or provide more favorable relative recommendations about the Resulting Issuer's competitors, the Common Share price would likely decline. If any analyst who may cover the Resulting Issuer were to cease coverage or fail to regularly publish reports on the Resulting Issuer, the Resulting Issuer could lose visibility in the financial markets, which in turn could cause the Common Shares price or trading volume to decline.

The Resulting Issuer's management will have discretion over the use of the proceeds upon completion of the Acquisition and the Private Placement and might not apply the proceeds in ways that increase the value of your investment.

The Resulting Issuer's management will have broad discretion to use available funds upon completion of the Acquisition and the Private Placement, and will use its the judgment regarding the application of these funds. The Resulting Issuer's management might not apply the available funds in ways that increase the value of the Common Shares. The Resulting Issuer expects to use the available funds for the uses described in this Filing Statement. The Resulting Issuer's management might not be able to yield a significant return, if any, on any investment of these funds. Holders of Common Shares will not have the opportunity to influence the Resulting Issuer's decisions on how to use the available funds.

The Resulting Issuer does not expect to declare any dividends in the foreseeable future.

The Resulting Issuer do not anticipate declaring any cash dividends to holders of the Common Shares in the foreseeable future. Consequently, investors may need to rely on sales of their Common Shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

The Resulting Issuer expects to record expenses related to the Resulting Issuer's issuance of Common Shares as compensation and stock options under the Resulting Issuer Stock Option Plan, which may have a material adverse impact on the Resulting Issuer's operating results.

Saturna's share-based compensation expenses totaled $250,619 and $283,506 during the years ended December 31, 2015 and 2014, respectively. The Resulting Issuer expect such share - and option-based compensation expenses will increase in future periods, which will have an adverse impact on the Resulting Issuer's operating results. The model expected to be used by the Resulting Issuer will require the input of highly subjective assumptions, including the price volatility of Common Shares. If facts and circumstances change and the Resulting Issuer employs different assumptions for estimating share - and option - based compensation expense in future periods, or if the Resulting Issuer decides to use a different valuation model, the future period expenses may differ significantly from what Saturna has recorded in the past periods and the current period and could materially affect the fair value estimate of such payments, the Resulting Issuer's operating income, net income and net income per share.

The Resulting Issuer's directors, executive officers and principal shareholders could have substantial control over the Resulting Issuer and could delay or prevent a change in corporate control.

Immediately after Closing, the Resulting Issuer's directors and executive officers will beneficially own, in the aggregate, approximately 27.8% of the Common Shares, assuming the Maximum PP is completed. As a result, these persons, if they were to act together, could have significant influence over the outcome of matters submitted to the shareholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of the Resulting Issuer's assets. In addition, these shareholders, if they were to act together, could have significant influence over the management and affairs of the Resulting Issuer. Accordingly, this concentration of ownership might harm the market price of the Common Shares by:

- delaying, deferring or preventing a change in corporate control;
- impeding a merger, consolidation, takeover or other business combination involving the Resulting Issuer; or
- discouraging a potential acquiror from making a tender offer or otherwise attempting to obtain control of the Resulting Issuer.

PART V – CERTIFICATES

CERTIFICATE OF KENNA RESOURCES CORP.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Kenna Resources Corp., assuming completion of the Acquisition, as of May 29, 2016.

"Tim Fernback"	*"Sean Bromley"*
Tim Fernback Chief Executive Officer	Sean Bromley Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS:

"Ken Tollstam"

Ken Tollstam
Director

CERTIFICATE OF SATURNA GREEN SYSTEMS INC.

The foregoing document, as it relates to Saturna Green Systems Inc. constitutes full, true and plain disclosure of all material facts relating to the securities of Saturna Green Systems Inc. as of May 29, 2016.

"Anwar Sukkarie"	*"Juliet Jones"*
Anwar Sukkarie Chief Executive Officer	Juliet Jones Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS:

"Paul Chucrallah"	*"Saood Aljneibi"*
Paul Chucrallah Director	Saood Aljneibi Director

SCHEDULE “A”

AUDITED FINANCIAL STATEMENTS OF KENNA RESOURCES CORP. FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2015 AND 2014

KENNA RESOURCES CORP.

FINANCIAL STATEMENTS

December 31, 2015 and 2014

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kenna Resources Corp.

We have audited the accompanying financial statements of Kenna Resources Corp., which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kenna Resources Corp. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 14, 2016

KENNA RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes	December 31, 2015	December 31, 2014
ASSETS			
Current assets			
Cash		$ 725,679	$ 445,693
Accounts receivable and prepaid expenses	3	7,592	76,108
		733,271	521,801
Non-current assets			
Exploration and evaluation asset	4	242,384	242,384
TOTAL ASSETS		**$ 975,655**	**$ 764,185**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	$ 61,000	$ 16,393
TOTAL LIABILITIES		**61,000**	**16,393**
SHAREHOLDERS' EQUITY			
Share capital	7	1,754,138	1,529,889
Share-based payment reserve	7	243,175	112,795
Deficit		(1,082,658)	(894,892)
TOTAL SHAREHOLDERS' EQUITY		**914,655**	**747,792**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 975,655**	**$ 764,185**

Note 1 – Nature of Operations and Going Concern
Note 11 – Subsequent Event

"Timothy Fernback" Director *"Sean Bromley"* Director

The accompanying notes are an integral part of these financial statements.

KENNA RESOURCES CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Notes	Years ended December 31, 2015	December 31, 2014
Expenses			
Accounting and audit	8	$ 20,333	$ 22,292
Legal		17,304	29,143
Consulting	8	106,633	151,585
Insurance		1,439	10,318
Transfer agent, listing and filing fees		16,498	18,954
Travel		12,805	16,716
Office and miscellaneous		12,754	25,838
		187,766	274,846
Other item			
Interest income		-	1,789
Net and comprehensive loss for the year		**(187,766)**	(273,057)
Loss per share – basic and diluted		**$ (0.04)**	$ (0.19)
Weighted average number of common shares outstanding		**5,127,059**	1,476,868

The accompanying notes are an integral part of these financial statements.

KENNA RESOURCES CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

		Share Capital				
	Notes	Number of Shares	Amount	Share-based payment reserve	Deficit	Total
Balance at December 31, 2013		**841,698**	**$ 1,054,453**	**$ 112,795**	**$ (621,835)**	**$ 545,413**
Issuance of common shares	7	4,215,224	484,751	-	-	484,751
Share issuance costs	7	-	(9,315)	-	-	(9,315)
Comprehensive loss for the year		-	-	-	(273,057)	(273,057)
Balance at December 31, 2014		**5,056,922**	**1,529,889**	**112,795**	**(894,892)**	**747,792**
Shares issued for private placement	7	3,200,000	244,954	123,046	-	368,000
Share issuance costs	7	-	(20,705)	7,334	-	(13,371)
Comprehensive loss for the year		-	-	-	(187,766)	(187,766)
Balance at December 31, 2015		**8,256,922**	**$ 1,754,138**	**$ 243,175**	**$ (1,082,658)**	**$ 914,655**

The accompanying notes are an integral part of these financial statements.

KENNA RESOURCES CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Years ended	
	December 31, 2015	**December 31, 2014**
Operating activities		
Net loss for the year	$ (187,766)	$ (273,057)
Changes in non-cash working capital items:		
Accounts receivable and prepaid expenses	68,516	(73,412)
Accounts payable and accrued liabilities	44,607	6,013
Net cash flows used in operating activities	(74,643)	(340,456)
Financing activities		
Issuance of common shares	368,000	484,751
Share issuance costs	(13,371)	(9,315)
Net cash flows from financing activities	354,629	475,436
Increase in cash	279,986	134,980
Cash, beginning	445,693	310,713
Cash, ending	**$ 725,679**	**$ 445,693**

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations and Going Concern

Kenna Resources Corp. (the "Company") was incorporated under the provisions of *The Business Corporations Act (Saskatchewan)* on September 25, 2009. On September 4, 2014, the Company completed its continuance to British Columbia under *The Business Corporations Act (British Columbia)*. The Company is in the business of mineral exploration. The Company's head office, principal address and the registered and records office are located at 1162 – 2096 West Broadway, Vancouver, BC V6K 2G8. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "KNA".

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the year ended December 31, 2015, the Company had a net loss from operations of $187,766 and as at December 31, 2015, had a deficit in the amount of $1,082,658. The Company's continuing operations, as intended, are dependent on its ability to continue to raise adequate financing in order to explore and develop resource properties. The outcome of these matters cannot be predicted at this time. There can be no certainty as to the ability of the Company to recover its exploration and evaluation assets or to obtain sufficient financing to continue its operations. Accordingly, there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments or other changes that may be required should the Company be unable to continue as a going concern. Such adjustments and changes could be material.

2. Significant Accounting Policies

The financial statements were authorized for issue on April 14, 2016 by the directors of the Company.

Statement of compliance

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2. Significant Accounting Policies (continued)

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Impairment of assets

The carrying amount of the Company’s non-financial assets (which include exploration and evaluation asset) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

2. Significant Accounting Policies (continued)

Impairment of assets (continued)

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

2. Significant Accounting Policies (continued)

Financial instruments (continued)

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Significant Accounting Policies (continued)

Income taxes (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Share issue costs

Share issue costs are charged against share capital in the period of issuance.

Loss per share

Basic net loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed similar to basic 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. When the Company reports a loss, the diluted net loss per share is equal to the basic net loss per share due to the anti-dilutive effect of such instruments, if any.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Significant estimates and assumptions

The preparation of financial statements, in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses as at the date of the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Significant estimates and assumptions (continued)

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Accounting standards issued but not yet effective

New standard IFRS 9 "Financial Instruments"
This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this new standard and is currently assessing the impact that this standard will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Accounts Receivable and Prepaid Expenses

	December 31, 2015	December 31, 2014
GST recoverable	$ 5,640	$ 22,117
Prepaid expenses	1,952	53,991
	$ 7,592	$ 76,108

(Expressed in Canadian dollars)

4. Exploration and Evaluation Asset

The components of exploration and evaluation assets are as follows:

	December 31, 2015	December 31, 2014
Acquisition of mineral rights	$ 181,418	$ 181,418
Geophysical surveys	60,966	60,966
	$ 242,384	$ 242,384

On March 28, 2012, the Company acquired a 100% interest in the Elizabeth Lake copper, silver and gold project located in northern Saskatchewan (the "Property").

As consideration for the acquisition of the Property, the Company issued 1,000,000 common shares to BEC International Corp. (the "Vendor") with a fair value of $0.12 per share and paid $50,000 in cash consideration to the Vendor. In addition, the Company granted to the Vendor a two percent (2%) royalty on production from the Property, to a maximum amount payable of $5,000,000. A finder's fee was paid to an arm's length party through the issuance of 75,000 common shares of the Company at a price of $0.12 per share. During the year ended December 31, 2012, the Company incurred other acquisition costs of $2,418.

5. Accounts Payable and Accrued Liabilities

	December 31, 2015	December 31, 2014
Accounts payable	$ 17,900	$ 2,558
Due to related parties (Note 8)	23,100	3,835
Accrued liabilities	20,000	10,000
	$ 61,000	$ 16,393

6. Deferred Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Net loss	$ (187,766)	$ (273,057)
Statutory tax rate	26%	26%
Expected income tax recovery at the statutory tax rate	(48,819)	(70,995)
Non-deductible items and other	(3,061)	(928)
Temporary differences not recognized	51,880	71,923
Income tax recovery	$ -	$ -

(Expressed in Canadian dollars)

6. Deferred Income Taxes (continued)

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	December 31, 2015	December 31, 2014
Non-capital loss carry-forwards	$ 292,911	$ 243,328
Exploration and evaluation assets	(31,200)	(31,200)
Share issuance costs	4,234	1,938
	265,946	214,066
Valuation allowance	(265,946)	(214,066)
Net deferred tax asset	$ -	$ -

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Canadian resource pools
2029	$ 18,927	$ -
2030	90,497	-
2031	142,962	-
2032	298,077	-
2033	84,553	-
2034	300,861	-
2035	190,705	-
No expiry	-	122,384
	$1,126,582	$ 122,384

7. Share Capital

Effective September 15, 2014, the Company completed a share consolidation on the basis of 10 old shares for 1 new share. All share references in these financial statements are reflected on a post-consolidation basis.

Authorized share capital

Unlimited number of Class A common shares with no par value.

Issued share capital

At December 31, 2015, there were 8,256,922 issued and fully paid common shares (2014 – 5,056,922).

Escrow shares

At December 31, 2015, there were nil (2014 – 85,177) common shares held in escrow.

(Expressed in Canadian dollars)

7. Share Capital (continued)

Share issuances

On December 22, 2015, the Company closed a non-brokered private placement of 3,200,000 units for gross proceeds of $368,000. Each unit was issued at a price of $0.115, and was comprised of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to acquire a common share of the Company at a price of $0.25 for a period of 24 months from their date of issuance.

The Company paid finder's fees in connection with the private placement of $13,371 cash and issued 182,500 warrants. The warrants are exercisable into one common share for a period of 24 months at $0.25. The fair value of the warrants were estimated to be $7,334 using the Black-Scholes Options Pricing Model using the following assumptions:

Expected life of warrants	2 years
Volatility	144.55%
Risk-free interest rate	0.52%
Dividend rate	0%

During the year ended December 31, 2014, the Company completed a non-brokered private placement of 4,215,224 units at $0.115 per unit for gross proceeds of $484,751. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable at $0.25 per share for a period of 24 months from issuance. The Company incurred share issuance costs of $9,315 related to this private placement.

Warrants

The changes in warrants outstanding during the years ended December 31, 2015 and 2014 are as follows:

	December 31, 2015		December 31, 2014	
	Warrants	**Price**	**Warrants**	**Price**
Outstanding, beginning	2,107,612	$ 0.25	-	$ -
Issued	1,782,500	0.25	2,107,612	0.25
Outstanding, ending	3,890,112	$ 0.25	2,107,612	$ 0.25

Details of warrants outstanding as at December 31, 2015 are as follows:

Number of warrants	Price per share	Expiry date
2,107,612	$0.25	November 6, 2017
1,782,500	$0.25	December 22, 2017
3,890,112	$0.25	

The weighted average remaining life of warrants at December 31, 2015 was 1.91 years.

(Expressed in Canadian dollars)

7. Share Capital (continued)

Stock options

The Company has adopted an incentive stock option plan (the "Option Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V requirements grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase shares. Options granted vested immediately and expire the earliest of five years after issuance, the 90th day after a holder ceases to be a director or officer of the Company, or one year after the death of the holder.

The changes in options during the years ended December 31, 2015 and 2014 are as follows:

	December 31, 2015			December 31, 2014		
	Options		Price	Options		Price
Outstanding, beginning	79,502	$	2.00	79,502	$	2.00
Options expired	(79,502)		2.00	-		-
Outstanding, ending	-	$	0.00	79,502	$	2.00
Weighted average remaining life	0.00 years			0.84 years		

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. Related Party Transactions

Related party balances

The following amounts due to related parties are included in accounts payables and accrued liabilities:

		December 31, 2015		December 31, 2014
Companies controlled by directors of (Note 5)	$	23,100	$	3,150
Directors and officers of the Company (Note 5)		-		685
	$	23,100	$	3,835

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

(Expressed in Canadian dollars)

8. Related Party Transactions (continued)

Key management compensation

	Years ended	
	December 31, 2015	**December 31, 2014**
Accounting fees	$ 18,000	$ 10,500
Consulting fees	24,000	14,000
	$ 42,000	$ 24,500

9. Capital Management

The Company's objective is to maintain a strong capital base so as to have sufficient resources to acquire, explore and develop resource properties. The capital structure of the Company consists of equity and cash. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

10. Financial Instruments and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit loss is the book value of its financial instruments. The Company's cash is deposited with a major Canadian chartered bank and is held in highly-liquid investments. The Company's receivables consist of taxes receivable, and are therefore not subject to significant credit risk. This risk is minimal as receivables consist primarily of refundable government value added taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. All of the Company's financial liabilities are due within one year. The Company manages liquidity risk through the management of its capital structure. As at December 31, 2015, the Company had a total of $725,679 in cash.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

10. Financial Instruments and Risk Management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have any interest-bearing debt. The Company's cash investments are not subject to interest rate risk. This risk is considered to be low.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's cash is classified as level 1.

11. Subsequent Event

The Company has entered into a non-binding letter of intent ("LOI") dated February 18, 2016, with Saturna Green Systems Inc. ("Saturna"). The Company and Saturna will enter into a definitive share exchange agreement, whereby all outstanding securities of Saturna will be exchanged for common shares of the Company, which constitutes a reverse takeover by Saturna and a change of business of the Company from mining to technology. The final structure of the definitive agreement is subject to applicable corporate, securities and tax considerations. The transaction is an arm's-length transaction. On closing of the transaction, it is anticipated that the Company will change its name, and will carry on with the development and launch of Saturna's electric scooter sharing transportation service, and continue sales of Satuna's hardware and software products for connected scooters to original equipment manufacturers. The Company proposes to continue trading on the TSX-V following the transaction.

KENNA RESOURCES CORP.

FINANCIAL STATEMENTS

December 31, 2014 and 2013

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kenna Resources Corp.

We have audited the accompanying financial statements of Kenna Resources Corp., which comprise the statement of financial position as at December 31, 2014, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kenna Resources Corp. as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matter

The financial statements of Kenna Resources Corp. for the year ended December 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on February 26, 2014.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
April 14, 2015

KENNA RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes	December 31, 2014	December 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents		$ 445,693	$ 310,713
Accounts receivable and prepaid expenses	3	76,108	2,696
		521,801	313,409
Non-current assets			
Exploration and evaluation asset	4	242,384	242,384
TOTAL ASSETS		**$ 764,185**	**$ 555,793**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	$ 16,393	$ 10,380
TOTAL LIABILITIES		**16,393**	**10,380**
SHAREHOLDERS' EQUITY			
Share capital	7	1,529,889	1,054,453
Share-based payment reserve	7	112,795	112,795
Deficit		(894,892)	(621,835)
TOTAL SHAREHOLDER'S EQUITY		**747,792**	**545,413**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 764,185**	**$ 555,793**

Note 1 – Nature of operations and going concern
Note 9 – Commitments

"Timothy Fernback" Director *"Anthony Jackson"* Director

The accompanying notes are an integral part of these financial statements

KENNA RESOURCES CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Notes	Years ended December 31, 2014	December 31, 2013
Expenses			
Accounting and audit	8	$ 22,292	$ 11,550
Legal		29,143	12,809
Consulting	8	151,585	-
Insurance		10,318	8,769
Transfer agent, listing and filing fees		18,954	12,519
Travel		16,716	-
Office and miscellaneous		25,838	10,944
		274,846	56,591
Other items			
Interest income		1,789	3,633
Net and comprehensive loss		**$ (273,057)**	**$ (52,958)**
Loss per share – basic and diluted		**$ (0.19)**	**$ (0.06)**
Weighted average number of common shares outstanding		**1,476,868**	**841,698**

The accompanying notes are an integral part of these financial statements

KENNA RESOURCES CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

		Share Capital				
	Notes	Number of shares	Amount	Share-based payment reserve	Deficit	Total
Balance at December 31, 2012		841,698	$ 1,054,453	$ 112,795	$(568,877)	$ 598,371
Comprehensive loss		-	-	-	(52,958)	(52,958)
Balance at December 31, 2013		841,698	$ 1,054,453	$ 112,795	$(621,835)	$ 545,413
Issuance of common shares	7	4,215,224	484,751	-	-	484,751
Share issuance costs	7	-	(9,315)	-	-	(9,315)
Comprehensive loss		-	-	-	(273,057)	(273,057)
Balance at December 31, 2014		**5,056,922**	**$ 1,529,889**	**$ 112,795**	**$(894,892)**	**$ 747,792**

The accompanying notes are an integral part of these financial statements

KENNA RESOURCES CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Years ended	
	December 31, 2014	**December 31, 2013**
Operating activities		
Net loss	$ (273,057)	$ (52,958)
Changes in non-cash working capital items:		
Accounts receivable and prepaid expenses	(73,412)	(95)
Accounts payable and accrued liabilities	6,013	(4,241)
Net cash flows used in operating activities	(340,456)	(57,294)
Investing activities		
Expenditures on exploration and evaluation asset	-	(650)
Net cash flows used in investing activities	-	(650)
Financing activities		
Issuance of common shares	484,751	-
Share issuance costs	(9,315)	-
Net cash flows from financing activities	475,436	-
Increase (decrease) in cash and cash equivalents	134,980	(57,944)
Cash and cash equivalents, beginning	310,713	368,657
Cash and cash equivalents, ending	**$ 445,693**	**$ 310,713**

Cash and cash equivalents consists of:

	December 31, 2014	**December 31, 2013**
Cash	$ 445,693	$ 258,469
Money market funds	-	52,244
	$ 445,693	$ 310,713

The accompanying notes are an integral part of these financial statements

1. Nature of Operations and Going Concern

Kenna Resources Corp. (the "Company") was incorporated under the provisions of *The Business Corporations Act (Saskatchewan)* on September 25, 2009. On September 4, 2014, the Company completed its continuance to British Columbia under *The Business Corporations Act (British Columbia)*. The Company is in the business of mineral exploration. The Company's head office, principal address and the registered and records office are located at 1162 – 2096 West Broadway, Vancouver, BC V6K 2G8. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "KNA".

Going concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at December 31, 2014 the Company had not advanced its mineral property to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. Significant Accounting Policies

The financial statements were authorized for issue on April 14, 2015 by the directors of the Company.

Statement of compliance

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2. Significant Accounting Policies (continued)

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Impairment of assets

The carrying amount of the Company’s non-financial assets (which include exploration and evaluation asset) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

2. Significant Accounting Policies (continued)

Impairment of assets (continued)

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

2. Significant Accounting Policies (continued)

Financial instruments (continued)

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Significant Accounting Policies (continued)

Income taxes (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Share issue costs

Share issue costs are charged against share capital in the period of issuance. Costs incurred for shares that have not been issued at period end are deferred until such time as the related shares are issued. If it becomes apparent that no further shares will be issued that relate to these costs, the full amount will be charged to share capital immediately.

Loss per share

Basic net loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed similar to basic 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. When the Company reports a loss, the diluted net loss per share is equal to the basic net loss per share due to the anti-dilutive effect of such instruments, if any.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. Significant Accounting Policies (continued)

Significant estimates and assumptions

The preparation of financial statements, in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses as at the date of the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.
Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Accounting standards issued but not yet effective

New standard IFRS 9 "Financial Instruments"
This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this new standard and is currently assessing the impact that this standard will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian dollars)

3. Accounts receivable and prepaid expenses

		December 31, 2014		**December 31, 2013**
GST recoverable	$	22,117	$	36
Prepaid expenses		53,991		2,660
	$	76,108	$	2,696

4. Exploration and Evaluation Asset

The components of exploration and evaluation assets are as follows:

		December 31, 2014		**December 31, 2013**
Acquisition of mineral rights	$	181,418	$	181,418
Geophysical surveys		60,966		60,966
	$	242,384	$	242,384

On March 28, 2012, the Company acquired a 100% interest in the Elizabeth Lake copper, silver and gold project located in northern Saskatchewan (the "Property").

As consideration for the acquisition of the Property, the Company issued 1,000,000 common shares to BEC International Corp. (the "Vendor") with a fair value of $0.12 per share and paid $50,000 in cash consideration to the Vendor. In addition, the Company granted to the Vendor a two percent (2%) royalty on production from the Property, to a maximum amount payable of $5,000,000. A finder's fee was paid to an arm's length party through the issuance of 75,000 common shares of the Company at a price of $0.12 per share. During the year ended December 31, 2012, the Company incurred other acquisition costs of $2,418.

5. Accounts payable and accrued liabilities

		December 31, 2014		**December 31, 2013**
Accounts payable	$	2,558	$	380
Due to related parties (Note 8)		3,835		-
Accrued liabilities		10,000		10,000
	$	16,393	$	10,380

(Expressed in Canadian dollars)

6. Deferred Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Net loss	$ (273,057)	$ (52,958)
Statutory tax rate	26%	26%
Expected income tax recovery at the statutory tax rate	(70,995)	(13,769)
Non-deductible items and other	(928)	24
Effect of change in tax rates	-	(9,847)
Temporary differences not recognized	71,923	23,592
Income tax recovery	$ -	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	December 31, 2014	December 31, 2013
Non-capital loss carry-forwards	$ 243,328	$ 165,104
Exploration and evaluation assets	(31,200)	(31,200)
Share issuance costs	1,938	8,239
	214,066	142,143
Valuation allowance	(214,066)	(142,143)
Net deferred tax asset	$ -	$ -

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Canadian resource pools
2029	$ 18,927	$ -
2030	90,497	-
2031	142,962	-
2032	298,077	-
2033	84,553	-
2034	300,861	-
No expiry	-	122,384
	$ 935,877	$ 122,384

7. Share Capital

Effective September 15, 2014, the Company completed a share consolidation on the basis of 10 old shares for 1 new share. All share references in these financial statements are reflected on a post-consolidation basis.

Authorized share capital

Unlimited number of Class A common shares with no par value.

(Expressed in Canadian dollars)

7. Share Capital (continued)

Issued share capital

At December 31, 2014, there were 5,056,922 issued and fully paid common shares (2013 – 841,698).

Escrow shares

At December 31, 2014, there were 85,177 common shares held in escrow. These shares were released from escrow on March 28, 2015.

Share issuances

During the year ended December 31, 2014, the Company completed a non-brokered private placement of 4,215,224 units at $0.115 per unit for gross proceeds of $484,751. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable at $0.25 per share for a period of 24 months from issuance. The Company incurred share issuance costs of $9,315 related to this private placement.

Warrants

The changes in warrants outstanding during the year ended December 31, 2014 are as follows:

	December 31, 2014	
	Warrants	**Price**
Outstanding, beginning	-	$ -
Issued	2,107,612	0.25
Outstanding, ending	2,107,612	$ 0.25

The weighted average remaining life of warrants at December 31, 2014 was 1.85 years.

Stock options

The Company has adopted an incentive stock option plan (the “Option Plan”), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V requirements grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase shares. Options granted vested immediately and expire the earliest of five years after issuance, the 90th day after a holder ceases to be a director or officer of the Company, or one year after the death of the holder.

(Expressed in Canadian dollars)

7. Share Capital (continued)

Stock options (continued)

The changes in options during the years ended December 31, 2014 and 2013 are as follows:

	December 31, 2014		December 31, 2013	
	Options	**Price**	**Options**	**Price**
Outstanding, beginning	79,502	$ 2.00	79,502	$ 2.00
Outstanding, ending	79,502	$ 2.00	79,502	$ 2.00
Weighted average remaining life	0.84 years		1.84 years	

Details of options outstanding as at December 31, 2014 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options Outstanding and exercisable
$2.00	0.84 years	79,502

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. Related Party Transactions

Related party balances

The following amounts due to related parties are included in accounts payables and accrued liabilities:

	December 31, 2014	December 31, 2013
Companies controlled by directors of (Note 5)	$ 3,150	$ -
Directors and officers of the Company	685	-
	$ 3,835	$ -

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

(Expressed in Canadian dollars)

8. Related Party Transactions (continued)

Key management compensation

	Years ended	
	December 31, 2014	**December 31, 2013**
Accounting fees	$ 10,500	$ -
Consulting fees	14,000	-
	$ 24,500	$ -

9. Commitments

The Company entered into a management services agreement on June 1, 2014 with a company controlled by a director of the Company, whereby the Company will pay $2,000 per month for management services for a term of one year.

10. Capital Management

The Company's objective is to maintain a strong capital base so as to have sufficient resources to acquire, explore and develop resource properties. The capital structure of the Company consists of equity and cash and cash equivalents. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

11. Financial Instruments and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit loss is the book value of its financial instruments. The Company's cash and cash equivalents is deposited with a major Canadian chartered bank and is held in highly-liquid investments. The Company's receivables consist of taxes receivable, and are therefore not subject to significant credit risk. This risk is minimal as receivables consist primarily of refundable government value added taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. All of the Company's financial liabilities are due within one year. The Company manages liquidity risk through the management of its capital structure. As at December 31, 2014, the Company had a total of $445,693 in cash and cash equivalents. This risk is considered to be high.

11. Financial Instruments and Risk Management (continued)

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have any interest-bearing debt. The Company's cash and cash equivalent investments are not subject to interest rate risk. This risk is considered to be low.

SCHEDULE "B"

MANAGEMENT DISCUSSION AND ANALYSIS OF KENNA RESOURCES CORP.

KENNA RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2015

The following management discussion and analysis ("MD&A") of the financial condition and result of operations of Kenna Resources Corp. (the "Company") should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended December 31, 2015. Additional information about the Company has been filed with applicable Canadian securities regulatory authorities and is available at www.sedar.com.

The discussion and analysis has been prepared as of April 14, 2016. The information provided for herein is given as of December 31, 2015 unless otherwise indicated.

FORWARD-LOOKING INFORMATION

This document contains forward-looking statements. When used in this document, words like "anticipate", "believe", "estimate" and "expect" and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objectives and goals for the Company and therefore, involve inherent risks and uncertainties. The reader is cautioned that actual results, performance, or achievements may be materially different from those implied or expressed in such statements. The forward-looking statements contained in this document are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

OVERVIEW OF THE BUSINESS

The Company was incorporated under *The Business Corporations Act* (Saskatchewan) on September 25, 2009. The Company was initially classified as a capital pool company for the purposes of the TSX Venture Exchange (the "Exchange").

On April 7, 2010, the Company completed its initial public offering (the "Offering") of 3,493,500 Class A shares ("Common Shares") at a price of $0.20 per share for aggregate gross proceeds of $698,700.

On March 28, 2012, the Company completed its Qualifying Transaction, involving the acquisition of 100% of all rights, title and interests in the Elizabeth Lake copper, silver and gold project located in northern Saskatchewan (such property and interests are collectively referred to as the "Property").

As consideration for the acquisition of the Property, the Company issued an aggregate of 1,000,000 Common Shares to BEC International Corp. (the "Vendor") at an ascribed price of $0.12 per share and paid $50,000 in cash consideration to the Vendor. In addition, the Company granted to the Vendor a two percent (2%) royalty on production from the Property, to a maximum amount payable of $5,000,000. A finder's fee was paid to an arm's length party through the issuance of 75,000 Common Shares at a deemed price of $0.12 per share.

On June 8, 2012, the Company changed its name to Kenna Resources Corp.

On September 4, 2014, the Company continued under the provisions of the *Business Corporations Act* (British Columbia).

On September 15, 2014, the Company consolidated its capital on a ten (10) for one (1) basis.

During the year ended December 31, 2014, the Company completed a non-brokered private placement of 4,215,224 units at $0.115 per unit for gross proceeds of $484,751. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable at $0.25 per share for a period of 24 months from issuance. The Company incurred share issuance costs of $9,315 related to this private placement.

OVERALL PERFORMANCE

During the year ended December 31, 2015, the Company's activity related to exploration and development of the Property as well as business development and evaluation of additional resource prospects.

The Company's only source of revenue is interest income earned from funds on deposit. In order to continue to acquire, explore and develop resource properties, the Company must secure additional financing.

RESULTS OF OPERATIONS

Financial results for the years ended December 31, 2015 and 2014 were as follows:

	2015	2014	2013
Revenue			
Interest income	$ -	$ 1,789	$ 3,633
Expenses			
General and administrative expenses	187,766	274,846	56,591
Net comprehensive loss	$ (187,766)	$ (273,057)	$ (52,958)
Net comprehensive loss per share	$ (0.04)	$ (0.19)	$ (0.06)
Weighted average number of common shares outstanding	5,127,059	1,476,868	841,698

(Prepared using IFRS)

For the year ended December 31, 2015, general and administrative expenses consisted primarily of consulting, legal, office, accounting and audit fees, and transfer agent and filing fees.

For the year ended December 31, 2014, general and administrative expenses consisted primarily of consulting, legal, office, accounting and audit fees, and transfer agent and filing fees.

The components of general and administrative expenses for the year ended December 31, 2015 were consulting of $106,633 (2014: $151,585), legal expenses of $17,304 (2014: $29,143), office costs of $12,754 (2014: $25,838), accounting and audit fees of $20,333 (2014: $22,292), transfer agent, listing and filing fees of $16,498 (2014: $18,954), travel expenses of $12,805 (2014: $16,716 and insurance expense of $1,439 (2014: $10,318).

SUMMARY OF QUARTERLY RESULTS

	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
	$	$	$	$	$	$	$	$
Interest income	-	-	-	-	207	206	676	700
G & A	70,285	23,168	30,145	64,168	70,805	118,915	71,190	13,936
Net comprehensive loss	(70,285)	(23,168)	(30,145)	(64,168)	(70,598)	(118,709)	(70,514)	(13,236)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.03)	(0.02)	(0.08)	(0.02)
Total assets	975,655	688,067	693,753	719,012	764,185	369,055	501,150	540,754

(Prepared using IFRS)

General and administrative expenses in 2015 and 2014 varied from quarter to quarter based on corporate administrative requirements and business development.

LIQUIDITY AND SOLVENCY

As of December 31, 2015, the Company had working capital of $672,271. At the current rate of expenditure, the Company has sufficient working capital to meet its ongoing administrative costs and modest exploration work on the Elizabeth Lake project. To expand exploration and development activities, the Company will have to seek additional financing.

CAPITAL RESOURCES

On December 22, 2015, the Company closed a non-brokered private placement of 3,200,000 units for gross proceeds of $368,000. Each unit was issued at a price of $0.115, and was comprised of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to acquire a common share of the Company at a price of $0.25 for a period of 24 months from their date of issuance.

The Company paid finder's fees in connection with the private placement of $13,371 cash and issued 182,500 warrants. The warrants are exercisable into one common share for a period of 24 months at $0.25. The fair value of the warrants were estimated to be $7,334 using the Black-Scholes Options Pricing Model using the following assumptions:

Expected life of warrants	2 years
Volatility	144.55%
Risk-free interest rate	0.52%
Dividend rate	0%

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any special purpose entities nor is it party to any arrangements that would be excluded from the balance sheet.

TRANSACTIONS BETWEEN RELATED PARTIES

<u>Related party balances</u>

The following amounts due to related parties are included in accounts payables and accrued liabilities:

	December 31, 2015	December 31, 2014
Companies controlled by directors of	$ 23,100	$ 3,150
Directors and officers of the Company	-	685
	$ 23,100	$ 3,835

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Key management compensation

	Years ended	
	December 31, 2015	**December 31, 2014**
Accounting fees	$ 18,000	$ 10,500
Consulting fees	24,000	14,000
	$ 42,000	$ 24,500

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments. The carrying amount of current financial assets and current financial liabilities approximate their fair value because of the short-term maturities of these items.

OUTSTANDING SHARE DATA

Authorized share capital: An unlimited number of Class A common shares with no par value

Shares issued and outstanding at April 14, 2016: 8,256,922 Class A common shares.

During the year ended December 31, 2014, the Company completed a share consolidation on the basis of 10 old shares for 1 new share. All share references in the financial statements are reflected on a post-consolidation basis.

Options to purchase Class A common shares outstanding at April 14, 2016: Nil options – 79,502 options expired during the year.

Share purchase warrants outstanding at April 14, 2016: 3,890,112 warrants – exercise price $0.25/share, exercisable for a period of 24 months from issuance.

At December 31, 2015, there were no common shares held in escrow.

NEW ACCOUNTING STANDARDS

Accounting standards issued but not yet effective

New standard IFRS 9 "Financial Instruments"
This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this new standard and is currently assessing the impact that this standard will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

RISKS AND UNCERTAINTIES

The Company is subject to the typical risks and uncertainties of a resource development company, including but not limited to: Risks relating to exploration and development, operating hazards, fluctuating commodity prices, regulatory requirements, permits and license approvals, governmental and regulatory approval risks and no assurance of title. Further, the Company is subject to ongoing corporate risks such as limited operating history, competitive industry conditions and access to capital. All of these risks and uncertainties may lead to fluctuations in financial results and the payment of dividends is unlikely.

MANAGEMENT TEAM

There were no changes in management during the period.

SUBSEQUENT EVENTS

The Company has entered into a non-binding letter of intent ("LOI") dated February 18, 2016, with Saturna Green Systems Inc. ("Saturna"). The Company and Saturna will enter into a definitive share exchange agreement, whereby all outstanding securities of Saturna will be exchanged for common shares of the Company, which constitutes a reverse takeover by Saturna and a change of business of the Company from mining to technology. The final structure of the definitive agreement is subject to applicable corporate, securities and tax considerations. The transaction is an arm's-length transaction. On closing of the transaction, it is anticipated that the Company will change its name, and will carry on with the development and launch of Saturna's electric scooter sharing transportation service, and continue sales of Satuna's hardware and software products for connected scooters to original equipment manufacturers. The Company proposes to continue trading on the TSX-V following the transaction.

APPROVAL

The Board of Directors of Kenna Resources Corp. h as approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be obtained along with additional information on the SEDAR website at www.sedar.com.

SCHEDULE "C"

AUDITED ANNUAL FINANCIAL STATEMENTS OF SATURNA GREEN SYSTEMS INC. FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2015 AND 2014

Saturna Green Systems

Financial Statements

December 31, 2015 and 2014

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JACKSON & COMPANY
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Saturna Green Systems Inc.

We have audited the accompanying financial statements of Saturna Green Systems Inc. which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising 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 financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Saturna Green Systems Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Saturna Green Systems Inc. to continue as a going concern.

"JACKSON & COMPANY"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
April 6, 2016

SATURNA GREEN SYSTEMS INC.
STATEMENTS OF FINANCIAL POSITION
As at December 31
(Expressed in Canadian Dollars)

		2015		2014
Assets				
Current assets:				
Cash	$	20,501	$	50,091
Investments		2,000		2,000
Accounts receivable (Note 6)		129,331		107,232
Prepaid expenses (Note 7)		94,185		61,800
Loan receivable (Note 8)		9,688		-
Inventory (Note 9)		208,574		129,102
Total current assets		464,279		350,225
Long term assets:				
Property and equipment, net (Note 10)		138,507		53,189
Net long-term assets		138,507		53,189
Total Assets	**$**	**602,786**	**$**	**403,414**
Liabilities and Shareholders' Deficiency				
Current liabilities:				
Accounts payable and accrued liabilities	$	246,702	$	149,610
Accrued compensation (Note 11)		180,252		103,938
Bridge loans (Note 14)		110,880		160,880
Bridge loans from related parties (Note 13)		150,000		-
Deferred revenue		-		200,414
Due to related parties (Note 13)		60,131		5,822
Promissory note (Note 14)		276,800		-
Short term convertible debentures (Note 15)		456,857		50,000
Total current liabilities		1,481,622		670,664
Long-term liabilities				
Bridge loans from related parties (Note 13)		-		150,000
Convertible debentures (Note 15)		-		357,927
Total long-term liabilities		-		507,927
Total Liabilities	**$**	**1,481,622**	**$**	**1,178,591**
Shareholders' Deficiency				
Class A common share capital (Note 17)		2,309,147		1,993,921
Obligation to issue class A common shares (Note 17)		149,025		-
Preferred shares (Note 16)		60,480		60,480
Contributed surplus and other reserves (Note 17)		347,068		84,956
Issuance of convertible debentures (Note 15)		19,582		19,582
Deficit		(3,764,138)		(2,934,116)
Total Deficiency		**(878,836)**		**(775,177)**
Total Liabilities and Shareholders' Deficiency	**$**	**602,786**	**$**	**403,414**

Approved by the directors:

Digitally signed by Juliet Jones
DN: cn=Juliet Jones, o=Saturna Green Systems, ou, email=jjones@saturnagreen.com, c=CA
Date: 2016.05.26 15:15:49 -07'00'

Anwar Sukkarie

Digitally signed by Anwar Sukkarie
DN: cn=Anwar Sukkarie, o, ou, email=asukkarie@saturnagreen.com, c=CA
Date: 2016.05.26 18:23:48 -07'00'

The accompanying notes are an integral part of these financial statements.

SATURNA GREEN SYSTEMS INC.

STATEMENTS OF COMPREHENSIVE LOSS

For the years ended December 31

(Expressed in Canadian Dollars)

		2015		2014
Revenue	$	413,240	$	68,162
Cost of Sales		151,042		35,198
Gross Margin		262,198		32,964
Expenses				
Operating expenses:				
Amortization (Note 10)		10,402		3,598
General and administrative (Note 20)		418,318		316,506
Interest expense and debt premium		48,931		33,843
Refundable tax credit		-		(81,099)
Research and development (Note 20)		206,412		360,791
Sales and marketing (Note 20)		120,572		28,325
Class A common share-based compensation (Note 17)		250,619		283,506
Total expenses		1,055,254		945,470
Net loss before other items		793,056		912,506
Other items				
Currency exchange loss		36,966		12,101
Gain on settlement of debt		-		(872,288)
Net Loss and Comprehensive Loss	**$**	**830,022**	**$**	**52,319**
Loss per share – basic and diluted	**$**	**(0.145)**	**$**	**(0.012)**
Weighted average number of common shares		**5,713,063**		**4,485,798**

The accompanying notes are an integral part of these financial statements.

SATURNA GREEN SYSTEMS INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

For the years ended December 31, 2015 and 2014

(Expressed in Canadian Dollars)

	Share capital					Reserves				
	Class A Common Shares	Amount ($)	Preferred Shares	Amount ($)	Equity Component of Convertible Loan ($)	Stock Options (Note 17(e)) ($)	Warrants (Note 17(f)) ($)	Class A Common Shares to be Issued ($)	Deficit ($)	Total ($)
Balance, December 31, 2013	3,873,575	1,127,695	40,320	60,480	60,366	28,922	43,486	-	(2,881,797)	(1,560,848)
Settlement of debt (Note 17 (c))	604,180	545,269	-	-	-	-	-	-	-	545,269
Class A common shares issued for proceeds	151,515	50,000	-	-	-	-	-	-	-	50,000
Warrants	-	(2,908)	-	-	-	-	2,908	-	-	-
Class A common share-based compensation	657,000	273,865	-	-	-	9,640	-	-	-	283,505
Issuance of convertible loans	-	-	-	-	(40,784)	-	-	-	-	(40,784)
Net loss for the year	-	-	-	-	-	-	-	-	(52,319)	(52,319)
Balance, December 31, 2014	5,286,270	1,993,921	40,320	60,480	19,582	38,562	46,394	-	(2,934,116)	(775,177)
Settlement of debt	62,500	50,000	-	-	-	-	-	-	-	50,000
Class A common shares issued for proceeds	398,250	318,600	-	-	-	-	-	-	-	318,600
Class A common shares issued for services	15,000	12,000	-	-	-	-	-	-	-	12,000
Warrants	-	(259,189)	-	-	-	-	259,189	-	-	-
Class A common shares to be issued	-	-	-	-	-	-	-	149,025	-	149,025
Class A common share-based compensation	138,338	110,671	-	-	-	2,923	-	-	-	113,594
Issued for acquisition of license (Note 17)	64,149	83,144	-	-	-	-	-	-	-	83,144
Net loss for the year	-	-	-	-	-	-	-	-	(830,022)	(830,022)
Balance, December 31, 2015	5,964,507	2,309,147	40,320	60,480	19,582	41,485	305,583	149,025	(3,764,138)	(878,836)

The accompanying notes are an integral part of these financial statements.

SATURNA GREEN SYSTEMS INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31
(Expressed in Canadian Dollars)

	2015	2014
Operating activities		
Net loss for the year	$ (830,022)	$ (52,319)
Items not involving cash:		
Accretion interest	48,930	17,509
Amortization	10,402	3,598
Gain on debt settlement	-	(876,783)
Loss on conversion of convertible debentures	-	4,495
Settlement of debts	-	(34,629)
Class A common share-based payments	250,619	283,506
Class A common shares issued for services	24,000	-
Changes in non-cash working capital items related to operations:		
Accounts receivable	(31,785)	55,904
Accounts payable and accruals	173,887	179,374
Deferred revenue	(200,414)	-
Due to/from related parties	54,309	148,580
Inventory	(79,472)	(129,102)
Prepaid expenses	39,504	(49,297)
Cash used in operating activities	(540,042)	(449,164)
Investing activities		
Purchase of property, and equipment	(84,948)	(54,335)
Cash used in investing activities	(84,948)	(54,335)
Financing activities		
Proceeds from loans	276,800	64,000
Proceeds from convertible loans	-	410,000
Class A common shares issued for proceeds	318,600	50,000
Cash from financing activities	595,400	524,000
Net increase (decrease) in cash and cash equivalents	(29,590)	20,501
Cash, beginning of the year	50,091	29,590
Cash, end of the year	**$ 20,501**	**$ 50,091**

See Note 19, Supplementary Cash Flow Information

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

Saturna Green System Inc., (the "Company" or "Saturna") is a privately held company incorporated under the laws of British Columbia on June 23, 2010.

Saturna is in the business of developing hardware and software solutions for light weight inner-city vehicles.

2. BASIS OF PREPARATION

These financial statements, including comparatives, are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. All dollar amounts presented are in CAD dollars unless otherwise specified. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, meaning that it will continue in operation in foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company does not yet earned revenues and has no source of capital beyond capital raised. If the Company is unable to raise sufficient capital required, it will likely be unable to continue operations. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

As at December 31, 2015, the Company had a net working capital deficiency of $1,017,343 (2014 - $320,439) and an accumulated deficit of $3,764,138 (2014 - $2,934,116).

Critical Accounting Estimates

The preparation of these financial statements 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 expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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:

i) The carrying value and the recoverability of fixed assets, which are included in the statements of financial position based on the planned development budgets and results of research and development programs.

ii) The inputs used in accounting for share-based compensation expense included in profit or loss calculated using the Black-Scholes option pricing model.

iii) The valuations of shares issued in non-cash transactions using the quoted share price as the fair value based measurement on the date the shares are issued for the transaction.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Scientific research and experimental development tax credits

The Company is Canadian Controlled Private Corporation eligible to receive refundable tax credits based on its eligible scientific research and experimental development expenditures. The Company records the anticipated tax credits as a reduction in the costs to which they apply, at such time that the amount of tax credits is estimable and their receipt is reasonably assured. The Company has estimated tax credits receivable of $81,099 at December 31, 2015 (2014 - $81,099). The tax credits have been received subsequent to the year-end. The Company has not yet estimated the tax credits receivable for year ended December 31, 2015.

b) Research and development costs

The Company expenses its research and development costs in the period in which they are incurred.

c) Basic and diluted comprehensive earnings per share

Basic earnings per share are calculated by dividing net income for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the dilution that would occur if potentially dilutive securities were exercised or converted into common shares at the beginning of the period. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the “if converted” method.

d) Equipment

Equipment is carried at cost less amortization and amounts written off. The assets residual value, amortization methods and useful lives are reviewed, and adjusted, if appropriate, at each reporting date. Amortization is provided for over the estimated lives of the related assets based on annual rates as follows:

Computer software	Straight Line
Production tooling	Straight Line
Office equipment	20%
Scooters	30%

e) Cash and cash equivalents

Cash equivalents consist of highly liquid investments that are readily convertible into cash with maturities of three-months or less when purchased.

f) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (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 cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

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. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

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 directly in equity. 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 equity and recognized in the statement of loss and comprehensive loss.

All financial assets except for those 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 any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

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

Other financial liabilities: This category includes amounts due to related parties, convertible debenture and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash and cash equivalents as fair value through profit and loss. The Company’s receivables are classified as loans and receivables. The Company’s accounts payable and accrued liabilities, due to related parties and convertible debenture are classified as other financial liabilities.

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair values of the Company's cash and cash equivalents constitutes a Level 1 fair value measurement. The fair value of the Company's receivables, due to related parties, and accounts payable and accrued liabilities approximate the carrying value due to their short-term nature. The convertible debenture is recorded at amortized cost.

g) Stock-based compensation

The value of share purchase options is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

The Company recognizes compensation cost under Opinion 25 of the Financial Accounting Standards Board. For stock based awards, compensation cost shall be recognized over the requisite service period, with a corresponding credit to equity. The requisite service period is the period during which an employee is required to provide service in exchange for an award, which often is the vesting period. The full fair value of the shares is recorded in equity and an offsetting deferred compensation balance is recorded within equity for the unrecognized compensation cost. Under ASC 718, an equity instrument is not considered to be issued until the instrument vests.

The Company recognizes compensation paid in shares for services to contractors and suppliers at the value of the services provided, based on FASB Statement No. 123.

h) Compound instruments

The Company records the value of its compound instruments by valuing their separate components, and calculating financing costs associated with future redemption premiums.

i) Convertible loan

The convertible loan is initially recorded at fair value and subsequently measured at amortized cost. The convertible loan is allocated between the debt and equity components using the residual method at the date of issuance and is recorded net of transaction costs. The debt component is accreted to the face value using the effective interest method, with the resulting charge recorded as accretion on convertible loan, which is included in interest on convertible loan in the consolidated statement of operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Convertible loan (continued)

In instances where the Company issues equity instruments to settle all or a part of the outstanding debt, the equity instruments are treated as consideration paid and are measured initially at fair value of the equity instruments issued, or when not reliably measurable, at the fair value of the financial liability extinguished.

Any difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss. If the financial liability is not fully extinguished, and terms related to the remaining portion have been modified, the Company allocates the consideration paid between the extinguished portion and the modified portion.

j) New accounting standards

The following accounting policies will be adopted by the Company effective January 1, 2016:

IAS 1 – Presentation of Financial Statements – In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgement in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The following standards will be adopted by the Company effective January 1, 2018:

IFRS 9 – Financial Instruments - The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) which is intended to reduce the complexity in the classification and measurement of financial instruments.

IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transaction Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

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.

IAS 32, Offsetting Financial Assets and Financial Liabilities – In 2011, the IASB issued amendments to IAS 32 clarifying the meaning of “currently has a legal enforceable right to set-off and the application of the IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. These amendments are required to be adopted for periods beginning November 1, 2014. The Company is currently analyzing the impact, if any, that the adoption of this standard will have on its financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) New accounting standards (continued)

Recoverable Amount Disclosures for Non-Financial Assets - Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The Company is currently analyzing the impact, if any, that the adoption of this standard will have on its financial statements.

Amendments to other standards

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements, and IAS 28, Investments in Associates and Joint Ventures. 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, 11, 12 and 13.

IFRS 7, Financial Instruments: Disclosures – In December 2011, the IASB amended IFRS 7 (Financial Instruments: Disclosures) requiring additional disclosures on offsetting of financial assets and financial liabilities. This amendment is effective for annual periods beginning on or after January 1, 2013. This standard also requires additional disclosures about the initial application of IFRS 9. The IFRS 7 amendment became effective for annual periods that began on or after January 1, 2015 (or otherwise when IFRS 9 is first applied).

In November 2009, the IASB published IFRS 9, “Financial Instruments, “which covers the classification and measurement of financial assets as part of its project to replace IAS 39, “Financial Instruments: Recognition and Measurement.” In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. The effective date is January 1, 2018. Early adoption is permitted and the standard is required to be applied retrospectively.

4. CAPITAL MANAGEMENT

The Company’s capital is comprised of its share capital and loans payable.

The Company does not generate adequate working capital from operations necessary to meet its capital requirements. The Company is reliant on issuing debt and equity capital to ensure operational stability, to finance enhancements to its current product offering and to develop new products and services offerings. The Company plans to issue equity and debt capital to meet its financial needs. Management and the Company’s directors review the Company’s capital management approach on an ongoing basis.

5. MANAGEMENT OF FINANCIAL RISK

The Company’s financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Interest rate risk

The Company has non-material exposure at December 31, 2015 and 2014 to interest rate risk through its financial instruments.

(Expressed in Canadian Dollars)

5. MANAGEMENT OF FINANCIAL RISK (continued)

Credit risk

The Company has some cash balances and convertible debentures (See Note 15). The Company has no significant concentrations of credit risk arising from operations.

Receivables include trade receivables from one customer and goods and services sales tax and SR&ED tax credits due from the Government of Canada. Management believes that the credit risk concentration with respect to receivables is remote.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of one year or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. Management believes its credit risk to be minimal.

Liquidity risk

The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at December 31, 2015, the Company had a cash balance of $20,501 (December 31, 2014 - $50,091) to settle current liabilities of $1,481,622 (December 31, 2014 - $670,664).

Commodity price risk

The Company's ability to raise capital to fund research or development activities is subject to risks associated with fluctuations in the market prices of copper and gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

6. ACCOUNTS RECEIVABLE

		December 31, 2015		**December 31, 2014**
Accounts receivable	$	48,232	$	26,133
Tax credits receivable		81,099		81,099
	$	129,331	$	107,232

7. PREPAID EXPENSES

		December 31, 2015		**December 31, 2014**
Deposit for inventory	$	23,306	$	55,807
Insurance		228		3,490
License services*		66,512		-
Office		136		-
Rent		3,787		2,287
Utilities		216		216
	$	94,185	$	61,800

*Saturna has entered into an agreement with Transport Service Solutions GmbH ("TSS") to acquire rights in perpetuity to a software program that Saturna intends to integrate into its scooter sharing software platform. Under the terms of the agreement Saturna will pay total fees of Euro 50,000, of which Euro 30,000 has been paid and Euro 20,000 is payable upon TSS completing translation and customization work.

(Expressed in Canadian Dollars)

8. LOAN RECEIVABLE

As at December 31, 2015, the Company has a loan receivable from Loop s.a.l., a related party to the Company, which was repaid subsequent to the year end.

9. INVENTORY

	December 31, 2015	December 31, 2014
Inventory (carrying at cost)	$ 208,574	$ 129,102

Inventories are recorded at lower of cost or net realizable value. Costs include the purchase price plus additional costs necessary to bring each product to its current condition, net of discounts. The net realizable value is the estimated selling price during the ordinary course of business, less estimated costs required to complete the sale. Cost of inventory is determined using weighted average method.

10. PROPERTY AND EQUIPMENT

Property and equipment is comprised as follows:

	As at December 31, 2015			As at December 31, 2014		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Scooters	16,378	(4,189)	12,189	-	-	-
Computer Equipment	3,854	(3,854)	-	3,854	(3,854)	-
Office Furniture	3,955	(2,498)	1,457	3,955	(2,133)	1,822
Computer Software	86,515	(5,934)	80,581	5,934	(2,967)	2,967
Production Tooling	49,200	(4,920)	44,280	48,400	-	48,400
Total	159,902	(21,395)	138,507	62,143	(8,954)	53,189

11. ACCRUED COMPENSATION

Accrued compensation as at December 31, 2015 included $180,252 (2014 - $103,938) due to employees of the Company, and $44,744 (2014 - $Nil) are due to directors and officers of the Company.

On January 8, 2015, the Company entered into an agreement with a past employee with respect to settlement of $49,015 accrued compensation. The past employee agreed to convert this to class A common shares in the event that the Company raises a minimum of $2 million or completes a transaction that results in its class A common shares being listed on a public stock exchange.

During the year ended December 31, 2014 accrued compensation in the amount of $858,699 was forgiven, $674,667 which was due to directors and officers of the Company. The forgiveness of accrued compensation was part of a royalty arrangement.

(Expressed in Canadian Dollars)

12. CONTINGENT CONSIDERATION AND COMMITMENTS

(a) During the year ended December 31, 2014 the Company entered into an agreement with a corporation ("**RoyaltyCo.**") owned and controlled by certain current employees of the Company (the "**RoyaltyCo. Shareholders**"), pursuant to which Saturna agreed to pay a quarterly royalty in an amount equal to 15% of positive adjusted EBITDA to RoyaltyCo. The royalty agreement was entered into in consideration for the forgiveness of accrued compensation by the RoyaltyCo. Shareholders and in consideration for a reduction in remuneration payable to the RoyaltyCo. Shareholders to March 31, 2015. Adjusted EBITDA is defined in the royalty agreement as net earnings before interest, depreciation, taxes, non-recurring expenses, engineering costs, software development costs, design costs, research and development costs and commercialization costs, including filing of patents and certifications. The aggregate royalty is capped at $1,150,000 (the "**Royalty Cap**"). Of this Royalty Cap, up to $804,900 may be payable to RoyaltyCo. Shareholders who are also directors and officers of the Company.

If there is a liquidity event, defined as an equity financing in an amount equal to or greater than $5 million provided that the Company's class A common shares are listed and trading on a public stock exchange (in this note, a "**Liquidity Event**"), the Company may convert the remaining Royalty Cap into class A common shares of the Company within 90 days of the Liquidity Event at a price per class A common shares equal to the lesser of: (i) the price per class A common share pursuant to the Liquidity Event, and (ii) the average trading price of the Company's class A common shares for the ten business days preceding the date of conversion.

In the event that the class A common shares of the Company, directly or indirectly, through an amalgamation or reverse takeover transaction, become publicly listed (a "**Going-Public Transaction**"), RoyaltyCo. shall have the right to exchange all or part of the remaining Royalty Cap into class A common shares of the Company immediately prior to the Going-Public Transaction at a price equal to the lesser of (a) the price per class A common share pursuant to the Going-Public Transaction, or the initial listing price of the class A common shares pursuant to the Going-Public Transaction, and (b) the market price of the Company's class A common shares, determined as follows:

a. the average price paid by a third party or parties for the Company's class A common shares in the 90 days prior to the conversion; or

b. if the market price cannot be determined per item a., above, the price shall be determined by a certified, independent valuator, to be appointed by and at the cost of the Company.

(b) As at December 31, 2015 the Company had the following commitments:

	Payments due in the year ended December 31, 2016	Payments due in the year ended December 31, 2017
Office lease	$ 47,124	-
Commitments to purchase inventory*	$ 205,913	$ 27,646

*Commitment to order touch screens from Logic Americas, an operating name for Custom Manufacturing and Importing Inc.

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

The following amounts are payable to related parties as at December 31, 2015 and 2014:

		December 31, 2015		**December 31, 2014**
Companies controlled by directors	$	3,649	$	-
Directors and officers of the Company		-		5,822
Accrued compensation (Note 11)		51,941		-
Obligations to issue class A common shares*		74,885		-
Expenses incurred on behalf of Company		4,541		-
Bridge loans from director		150,000		150,000
	$	285,016	$	190,055

*Subsequent to December 31, 2015, 202,999 common shares were issued at a deemed price of $0.675 per share to settle the Company's obligation to issue class A common shares with respect to accrued bonus stock. Included in this amount were 110,940 shares issued to directors/officers and related parties for accrued bonus stock of $74,885. See note 21(a).

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

On July 21, 2015 the Company issued to a director 62,500 class A common shares at a price of $0.80 per share in repayment of a non-interest bearing loan made in December 2012 in the amount of $50,000.

On December 30, 2014, the Company issued 48,905 class A common shares at a price of $0.70 per share as consideration for settlement of accrued gross employment earnings.

On August 28, 2012, the Company received a non-interest bearing loan in the amount of $75,000 from an officer and director of the Company. The maturity date of the loan was August 29, 2013. On September 27, 2012, the Company received a second non-interest bearing loan in the amount of $75,000 from the same officer and director of the Company. The maturity date of the loan was September 28, 2013. On December 31, 2104, the maturity dates of the loans were extended to December 31, 2016. The loans are repayable from proceeds of a financing or from proceeds of the Company's refundable tax credits with respect to years ending after December 31, 2014. An aggregate amount of $150,000 in principal payment remains outstanding as at December 31, 2015.

Key management compensation

The Company incurred the following transactions with directors, officers and companies that are controlled by directors of the Company:

		December 31, 2015		**December 31, 2014**
Salary accrued/paid	$	206,611	$	113,675
Class A common share-based compensation accrued/paid		137,567		88,382
Consulting fees paid		-		225
Royalties accrued		2,000		-
	$	346,178	$	202,282

14. LOANS, SHORT TERM

During the years ended December 31, 2015 and 2014 the Company issued short term loans in the aggregate amount of $276,800 and $100,000, respectively, and in 2015 the Company settled short term loans in the amount of $50,000:

(a) On September 15, 2015, the Company issued a short-term non-interest bearing promissory note in consideration for $276,800. The promissory note is due from the proceeds of a financing on demand after October 31, 2015. The promissory note was repaid subsequent to year-end.

(b) On July 21, 2015, the Company issued to a Director 62,500 class A common shares at a price of $0.80 per share in repayment of a non-interest bearing loan made in December 2012 in the amount of $50,000.

(c) As at December 31, 2015, the Company has a bridge loan outstanding in the amount of $100,000. The loan was non-interest bearing with no stated terms of repayment.

(d) In 2012, the Company received loans in the aggregate amount of $66,000 and, as consideration for the loans, issued 6,600 class A common shares to the lenders at a deemed price of $1.35 per share. These loans are repayable from proceeds of a financing or from proceeds of the Company's refundable tax credits. During the year ended December 31, 2013 $30,000 of the loans were repaid. During the year ended December 31, 2014 the remaining $36,000 was repaid.

(e) Employee bridge loans outstanding at December 31, 2015 total $10,880 (2014 - $10,880).

(f) In November 2013, the Company received short-term loans in the aggregate amount of $50,000. As consideration for the loans, 10,000 class A common shares were issued, at a deemed price of $0.45 per share. During the year ended December 31, 2014, the Company issued 55,636 class A common shares at a price of $1.00 per share, in repayment of principal and accrued interest.

15. CONVERTIBLE DEBENTURES

(a) During the year ended December 31, 2014, the Company issued convertible debentures (the "**Debentures**") with an aggregate principal amount of $360,000 and bearing interest at a rate of 10% per annum. Pursuant to the Debentures, the lenders may convert the principal amount and accrued but unpaid interest, in whole and not in part, into class A common shares by providing notice to the Company into common shares of the Company at price per share determined by:

i) if, within one year of the date of the applicable Debenture, the Company completes a transaction resulting in its class A common shares being traded on a public market, either directly or through a reverse takeover or change of business with a listed public company, that number of class A common shares calculated as the principal amount of the Debentures, only, divided by the price determined for the transaction, less a discount of 25%;

ii) if, after one year from the date of the applicable Debenture, the Company completes a transaction resulting in its class A common shares being traded on a public market, either directly or through a reverse takeover or change of business with a publicly traded Company, the price determined for the transaction, less a discount of 10%;

iii) if the Company is public traded at the time of conversion, then the conversion is set at a price equal to the closing market price of the Company's class A common shares averaged over a consecutive 10 day period, less a discount of 10%;

15. CONVERTIBLE DEBENTURES (continued)

iv) if the Company is not publicly traded, the most recent price paid by a third party for class A common shares within the preceding 90 day period, less a discount of 10%; or

v) if there is no basis for determination under items (i) and (ii) above, then fair value shall be assessed by mutually acceptable reputable, independent third party, less a discount of 10%.

Pursuant to the Debentures, the Company has the right to force the conversion of the principal amounts outstanding under the Debentures within 90 days of a liquidity event, defined as any one or more of the following: (x) the listing of the Company's securities on a public stock exchange or the registration of the Company's securities for trading on a public market, either directly or through a reverse takeover transaction or other merger or business combination with a publicly listed company; (y) the acquisition by a third party of greater than 50% of the Company's share capital or materially all of the Company's assets; or (z) an equity financing exceeding US$2 million (in this note, a "**Liquidity Event**"). Upon the occurrence of a Liquidity Event, the Company can force the conversion of the principal amounts under the Debentures at a 25% discount to the fair value of the class A common shares, based on the value determined pursuant to the Liquidity Event; or if there is no value assigned to the Company pursuant to the Liquidity Event, on the basis described above. Accrued interest would not be convertible and would be forgiven in consideration of the 25% discount applied to the conversion of the principal amounts.

For accounting purposes, the Debentures contain both a liability component and an equity component, being the lender's conversion option to class A common shares, which have been separately presented on the consolidated statement of financial position. The Company allocated the original $360,000 principal of the Debentures to the individual liability and equity components by establishing the fair value of the liability component at the date of issue and then allocating the remaining balance of the net proceeds to the equity component. The fair value of the liability component was determined by discounting the stream of future payments of interest and principal amounts at the estimated prevailing market rate at the date of issuance of 13% for a debt instrument of similar maturity and credit quality but without any share conversion option for the lenders. Including the impact of the costs of issuance, applying the effective interest method, the liability component of the Debentures bear an effective annual interest rate of 13%.

(b) During the year ended December 31, 2014, the Company issued six month convertible debentures in the aggregate amount of $50,000 bearing interest at a rate of 5% per annum, calculated annually and payable on maturity. At December 31, 2015, these debentures were past their maturity dates. The debentures are repayable from the net proceeds of the Company's tax credits in excess of $200,000. The Company may redeem all or a portion of the debentures at any time, at a 5% premium to the principal amount. The Company has the right to convert the outstanding principal and interest into class A common shares of the Company upon a public listing of the Company's securities, at a 10% discount to the fair value of the Company's class A common shares.

(c) On August 31, 2013, the Company issued an unsecured three-year convertible debenture with a face value of $125,000. The debenture bore no interest and was convertible into class A common shares at the current class A common share price less 10%, or at the option of the Company upon the occurrence of a liquidity event. In consideration of the purchase of the debenture, the holder received 75,000 class A common shares at a deemed price of $0.4145 per share. During the year ended December 31, 2014, the holder converted the debenture into 138,889 class A common shares at a price of $0.90 per share

On January 31, 2011, the Company issued an unsecured three-year convertible debenture with a face value of $125,000 and interest payable at 10% per annum. In consideration of the purchase of the debenture, the holder received warrants to acquire class A common shares, which expired during the year ended December 31, 2014, as well as 75,000 class A common shares at a deemed price of $0.001 per share. During the year ended December 31, 2014, the holder converted the principal amount of the debenture, along with accrued interest of $53,454, into 198,282 class A common shares at a price of $0.90 per share.

(Expressed in Canadian Dollars)

15. CONVERTIBLE DEBENTURES (continued)

The convertible debentures are made up as follows:

		December 31, 2015		December 31, 2014
Equity component	$	19,582	$	19,582
Liability component, at the date of issuance		390,418		390,418
Accretion of interest		66,439		17,509
Liability component, end of year	$	456,857	$	407,927

16. PREFERRED SHARES

On May 31, 2013, the Company issued 40,320 preferred shares of the Company in settlement of amounts owing for services rendered in the amount of $60,480. The preferred shares are convertible, in whole or in part, at a ratio of 110 class A common shares for each 100 preferred shares converted, at any time at the option of the holder, and may be redeemed at the option of the holder from the proceeds of a financing in excess of $1 million.

As at December 31, 2015, 40,320 (2014 – 40,320) preferred shares remain outstanding.

17. SHARE CAPITAL AND RESERVES

(a) Authorized

An unlimited number of class A common shares without par value, class B common shares without par value, class C common shares without par value and preferred shares without par value.

(b) Issued share capital

As at December 31, 2015, there were 5,964,507 issued and fully paid class A common shares, nil class B common shares, nil class C common shares and 40,320 issued and fully paid preferred shares outstanding.

(c) Share Issuances

Year ended December 31, 2015

During the year ended December 31, 2015, the Company settled debts of $50,000 by issuance of 62,500 class A common shares at a price of $0.80 per share.

On March 20, 2015, the Company issued 398,250 units, each unit comprised of one class A common shares and one class A common share purchase warrant, at price of $0.80 per unit, for gross proceeds of $318,600. Also in connection with the private placement, an option to acquire an additional 79,650 units on the same terms as the private placement terms was granted.

(Expressed in Canadian Dollars)

17. SHARE CAPITAL AND RESERVES (continued)

(c) Share Issuances (continued)

During the year ended December 31, 2015, the Company issued 15,000 class A common shares at a price of $0.80 per share, as payment of accrued consulting fees in the amount of $12,000. As at December 31, 2015, the Company had an obligation to issue an additional 15,000 class A common shares at a price of $0.80 per share as payment of accrued consulting fees in the amount of $12,000.

During the year ended December 31, 2015, the Company issued 138,338 class A common shares at a deemed price of $0.80 per share as a stock bonus to certain employees, including two directors/officers. Included in this amount were 66,144 class A common shares issued to directors/officers.

In August 2015, the Company issued 64,149 class A common shares at a price of $1.1240 per share, with an aggregate value of $72,103, as partial consideration for the acquisition of software licenses.

Year ended December 31, 2014

During the year ended December 31, 2014, the Company settled debts of $545,169 by the issuance of 604,180 class A common shares.

During the year ended December 31, 2014, the Company issued 151,515 class A common shares at a price of $0.33 per share for gross proceeds of $50,000.

During the year ended December 31, 2014, the Company issued 657,000 class A common shares to employees at a price of $0.33 per class A common share as an incentive. Such shares were placed in escrow until December 31, 2015.

(d) Obligation to Issue Class A Common Shares

During the year ended December 31, 2015, the Company recorded an obligation to issue class A common shares to certain employees, including two officers/directors, in consideration of accrued bonus stock in the amount of $137,025. The Company further has an obligation to issue class A common shares for services rendered during the year in the amount of $12,000.

(e) Stock options

Options to purchase class A common shares may be granted to directors, consultants, officers and employees of the Company for terms up to five years at a price at least equal to the market price prevailing on the date of the grant.

The continuity of the stock options for the year ended December 31, 2015 and 2014 is as follows:

	Options	Weighted Average Exercise Price	
Balance, December 31, 2014	164,500	$	1.06
Granted	-		-
Expired	-		-
Cancelled	-		-
Balance, December 31, 2015	164,500	$	1.06

(Expressed in Canadian Dollars)

17. SHARE CAPITAL AND RESERVES (continued)

(e) Stock options (continued)

The following table summarizes the stock options outstanding as of December 31, 2015

Outstanding	Exercise Price		Expiry Date	Exercisable
30,000	$	0.50	January 6, 2016	30,000
30,000	$	0.75	June 30, 2016	30,000
30,000	$	0.75	August 31, 2016	30,000
10,000	$	1.35	November 22, 2016	10,000
7,500	$	2.00	January 24, 2017	7,500
30,000	$	1.50	May 8, 2017	30,000
27,000	$	1.50	June 28, 2017	27,000
164,500				164,500

For the year ended December 31, 2015, stock-based compensation expense included $2,923 in respect of incentive stock options (December 31, 2014 - $9,640).

No stock options were granted during the years ended December 31, 2014 and December 31, 2015.

(f) Warrants

The continuity of the warrants for the years ended December 31, 2015 and 2014 is as follows:

	Warrants	Weighted Average Exercise Price	
Balance, December 31, 2013	284,725	$	2.28
Granted	-		-
Expired	(284,725)	$	2.28
Cancelled	-		-
Balance, December 31, 2014	-	$	-
Granted	398,250	$	0.76
Expired	-		-
Cancelled	-		-
Balance, December 31, 2015	398,250	$	0.76

In connection with the March 20, 2015 private placement, the Company issued 398,250 class A common share purchase warrants, each warrant entitling the holder to purchase, on or before March 20, 2020, one class A common share at the following exercise prices:

(i) On or before March 20, 2017, of $0.20 per class A common share;
(ii) After March 20, 2017 and on or before March 20, 2018, of $0.40 per class A common share;
(iii) After March 20, 2018 and on or before March 20, 2019, of $1.00 per class A common share; and
(iv) After March 20, 2019 and on or before March 20, 2020, of $2.00 per class A common share.

In the event that the Company completes a transaction that results in the class A common shares being traded on a public stock exchange the warrants may be exercised by the holders, failing which they will expire after 30 days of receiving notice of the transaction. Also in connection with the private placement an option to acquire an additional 79,650 units on the same terms as the private placement terms was granted.

(Expressed in Canadian Dollars)

18. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		Year ended December 31, 2015		Year ended December 31, 2014
Net loss	$	(830,022)	$	(52,319)
Statutory tax rate		26%		26%
Expected income tax recovery at the statutory tax rate		(215,806)		(13,603)
Non-deductible items and other		8,122		7,712
Temporary differences not recognized		207,684		5,891
Income tax recovery	$	-	$	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

		December 31, 2015		December 31, 2014
Non-capital loss carry-forwards	$	2,114,146	$	1,284,124
Share issuance costs		56,394		56,394
		2,170,540		1,340,518
Valuation allowance		(2,170,540)		(1,340,518)
Net deferred tax asset	$	-	$	-

The tax pools relating to these deductible temporary differences expire as follows:

		December 31, 2015
2032	$	581,094
2033		703,030
2034		830,022
	$	2,114,146

The estimated taxable income for the period is $NIL. Based upon the level of historical taxable income, it cannot be reasonably estimated at this time if it is more likely than not that the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by an equivalent estimated taxable temporary difference valuation allowance. The estimated taxable temporary difference valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some or all of the future tax assets or future tax liabilities will be realized.

(Expressed in Canadian Dollars)

19. SUPPLEMENTARY CASH FLOW INFORMATION

Financing activities included the following items not involving cash for the years ended December 31:

	2015	2014
(a) Conversion of short-term debt and accrued interest to class A common shares, Note 6 (d)	$ 50,000	$ 55,636
(b) Conversion of debentures and accrued interest to class A common shares, Note 6 (a)(d)	-	$ 303,454
Total class A common shares issued on conversion of debt	$ 50,000	$ 359,090
(c) Class A common shares issued as consideration for software licenses	$ 83,144	
(d) Extension maturity date of short term loan due to related parties to long-term debt		$ 150,000

20. EXPENSES BY NATURE

For the Year Ended December 31, 2015

	General And Administration	Research and Development	Sales and Marketing
Office expense	$ 70,623	$ 12,583	$ 1,324
Accounting and Legal	61,769	-	-
Consulting	24,000	53,906	-
Personnel	251,195	130,408	86,849
Travel	10,731	9,515	32,399
Totals	$ 418,318	$ 206,412	$ 120,572

For the Year Ended December 31, 2014

	General And Administration	Research and Development	Sales and Marketing
Office expense	$ 52,421	$ 46,618	$ 1,636
Accounting and Legal	2,111	14,600	-
Consulting	23,352	83,348	-
Personnel	229,524	216,162	15,968
Travel	9,098	63	10,721
Totals	$ 316,506	$ 360,791	$ 28,325

21. SUBSEQUENT EVENTS

(a) Share Capital

Subsequent to December 31, 2015, 202,999 class A common shares were issued at a price of $0.675 per share. Included in this amount were 110,940 class A common shares issued to directors/officers and a related party. Also subsequent to December 31, 2015, (i) 100,000 class A common shares were issued at a price of $1.30 per share to settle accrued consulting fees of $130,000; and (ii) 15,000 class A common shares were issued at a price of 0.80 per share to settle accrued consulting fees of $12,000.

(b) Business Arrangement

On February 3, 2016, the Company entered into an agreement with a venture capital fund (the "**Investor**"), the manager of the Investor, a director/officer of the Company, and a Lebanese corporation. The Lebanese corporation is 59.995% owned and controlled by the officer/director, 40% owned by the Investor and 0.005% owned by a Lebanese citizen. Pursuant to the agreement, the Investor agreed to make an initial advance of US$610,000 to the Lebanese corporation.

The Company and the Lebanese corporation will enter into a business agreement for the operation of the Lebanese corporation, including joint product development and software licensing. The Lebanese corporation will represent the Company exclusively in several territories.

The Company issued to the Investor a three-year warrant to acquire 1,016,667 class A common shares that may be exercised by the Investor at any time. The consideration to be paid by the Investor on the exercise of the warrant is comprised of the Investor's equity interest and the Investor's debt in the Lebanese corporation. The maturity date of the warrant is February 3, 2019. The warrant, if it remains outstanding on February 3, 2019, will be automatically exercised. Upon exercise of the warrant, the Company shall also acquire the 40% equity interest in the Lebanese corporation, held by the director/officer of the Company, for a nominal amount. The Company's obligation to the Investor under the warrant is secured by a charge on the Company's intellectual property.

If, prior to the exercise of the warrant, the Company issues class A common shares at a share price less than the price determined by dividing the investment amount by the number of class A common shares issuable upon exercise of the warrant, the Company shall increase the number of class A common shares issuable under the warrant to equal the Investment amount divided by such share price. In accordance with this provision, the warrant was subsequently adjusted to permit the Investor to acquire 1,260,606 class A common shares. In the event that the Company completes a public listing of its securities, the class A common shares issuable under the warrant will be calculated using the initial listing price but shall be subject to no further adjustment.

(c) Reverse Takeover Transaction

On February 16, 2016, the Company entered into a letter of intent, as subsequently amended (the "**LOI**"), with a TSX Venture Exchange listed company, Kenna Resources Corp. ("**Kenna**"), pursuant to which the Company and Kenna agreed to enter into a binding share exchange agreement that would result in Kenna acquiring all of the Saturna class A common shares from the Saturna shareholders in exchange for approximately 26,191,470 common shares of Kenna (the "**Transaction**"). In connection with the Transaction, Kenna will consolidate its common shares on a 1.469565217 to 1 basis (the "**Consolidation**"), resulting in 5,618,616 common shares of Kenna being issued and outstanding immediately prior to closing the Transaction. Kenna has advanced $250,000 to Saturna as bridge financing.

21. SUBSEQUENT EVENTS (continued)

(c) Reverse Takeover Transaction (continued)

The Transaction will be completed by way of a reverse takeover and Kenna will issue common shares of Kenna to the shareholders of Saturna, in exchange for all of the issued and outstanding class A common shares of the Company at an exchange ratio of 3.35 common shares of Kenna (26,191,470 common shares at a deemed issue price of $0.20 per share) for each class A common shares of the Company (7,818,349 class A common shares). Each shareholder of Saturna shall be entitled to receive its pro rata proportion of such common shares of Kenna, based on the number of class A common shares of the Company exchanged. At closing of the Transaction, any outstanding convertible securities of Saturna will be exchanged on equivalent terms.

As part of the Transaction, Kenna will complete a private placement financing at a price of $0.20 per common share of Kenna (post-Consolidation) for minimum gross proceeds of $1,200,000 and maximum gross proceeds of $2,000,000. Kenna will pay finders fees in an amount of up to 8% of the gross proceeds of the private placement and will issue of up to such number of common share purchase warrants of Kenna as is equal to 8% of the number of common shares of Kenna sold pursuant to the private placement.

On January 18, 2016, the Company entered into two agreements with Fortuna Investment Corp. ("**Fortuna**") pursuant to which Fortuna agreed to provide certain advisory and consulting services to the Company, including introducing the Company to a publicly listed entity for the purpose of a business combination with the Company and to assist in raising up to $2,000,000, of which Fortuna agreed to invest $250,000. Pursuant to the agreements, the Company will pay $120,000 to Fortuna upon closing of the Transaction, will issue 447,761 class A common shares to Fortuna immediately prior to closing the Transaction and will pay a consulting fee of $5,000 per month for 12 months.

As consideration for introducing Kenna to Saturna, Kenna shall issue to Fortuna 1,397,074 common shares of Kenna (post-Consolidation) upon closing the Transaction.

The LOI is subject to due diligence completed to the satisfaction of both parties, subject to entering into a binding share exchange agreement among Kenna, the Company and the Company's securityholders on or before June 15, 2016, and subject to regulatory approval.

(d) Performance Shares

Subsequent to December 31, 2016, the Company entered into an employment agreement with Anwar Sukkarie, a director and officer of the Company, pursuant to which up to 3,500,000 class A common shares of the Company will be issuable to Mr. Sukkarie, upon certain performance criteria being met. This employment agreement will be assumed by Kenna in connection with the closing of the Transaction.

SGS

Saturna Green Systems

Financial Statements

December 31, 2014 and 2013

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JACKSON & COMPANY
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Saturna Green Systems Inc.

We have audited the accompanying financial statements of Saturna Green Systems Inc. which comprise the statements of financial position as at December 31, 2014, and the statements of comprehensive income (loss), cash flows and changes in equity for the years then ended, and the related notes comprising 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 financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Saturna Green Systems Inc. as at December 31, 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Saturna Green Systems Inc. to continue as a going concern.

JACKSON & COMPANY
Chartered Accountants

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Other Matter

The financial statements of Saturna Green Systems Inc. as at December 31, 2013 and for the year then ended were unaudited.

"JACKSON & COMPANY"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
September 28, 2015

SATURNA GREEN SYSTEMS INC.
STATEMENTS OF FINANCIAL POSITION
As at December 31
(Expressed in Canadian Dollars)

		2014		2013 (unaudited)
Assets				
Current assets:				
Cash	$	50,091	$	29,590
Investments		2,000		2,000
Accounts receivable		26,133		12,827
Prepaid expenses		61,800		12,503
Tax credits receivable		81,099		150,309
Inventory (Note 6)		129,102		-
Total current assets		350,225		207,229
Long term assets:				
Property and equipment, net (Note 7)		53,189		2,452
Net long-term assets		53,189		2,452
Total Assets	**$**	**403,414**	**$**	**209,681**
Liabilities and owner's equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	149,610	$	262,179
Accrued compensation (Note 8)		103,938		186,212
Deferred revenue		200,414		155,085
Loan to third parties		-		56,000
Bridge loans		160,880		146,880
Interest payable		-		1,627
Due to related parties (Note 10)		5,822		573,954
Short term convertible debentures (Note 12)		50,000		-
Total current liabilities		670,664		1,381,937
Long-term liabilities:				
Bridge loans from related parties (Note 10)		150,000		150,000
Convertible debentures (Note 12)		357,927		238,593
Total long-term liabilities		507,927		388,593
Total Liabilities	**$**	**1,178,591**	**$**	**1,770,530**
Shareholders' Equity				
Share capital		1,993,921		1,127,694
Preferred shares		60,480		60,480
Contributed surplus and other reserves		84,956		72,408
Issuance of convertible debentures		19,582		60,366
Deficit		(2,934,116)		(2,881,797)
Total Equity		**(775,177)**		**(1,560,849)**
Total Liabilities and Shareholders' Equity	**$**	**403,414**	**$**	**209,681**

Approved by the directors:

/s/ Juliet Jones   /s/ Anwar Sukkarie

The accompanying notes are an integral part of these financial statements.

SATURNA GREEN SYSTEMS INC.
STATEMENTS OF COMPREHENSIVE LOSS
For the years ended December 31
(Expressed in Canadian Dollars)

		2014		2013 (unaudited)
Revenue				
Services	$	68,162	$	71,656
Grants		-		122,557
Total revenue		68,162		194,213
Cost of Sales		35,198		-
Gross Margin		32,964		194,213
Expenses				
Operating expenses:				
Amortization (Note 7)		3,598		1,602
General and administrative		316,506		446,267
Research and development		360,791		576,990
Less: refundable tax credit		(81,099)		(150,309)
Sales and marketing		28,325		26,379
Share-based compensation		283,506		170,652
Interest expense and debt premium		33,843		60,984
Total expenses		945,470		1,132,565
Net Loss before other items		(912,506)		(938,352)
Other items				
Currency exchange loss		(12,101)		-
Gain on cancellation of escrow shares		-		70,278
Gain on settlement of debt, Note 4		872,288		-
Net Loss and Comprehensive Loss	**$**	**52,319**	**$**	**868,074**

The accompanying notes are an integral part of these financial statements.

SATURNA GREEN SYSTEMS INC.
STATEMENTS OF CHANGES IN EQUITY
As at December 31
(Expressed in Canadian Dollars)

	Share capital					Reserves			
	Common Shares	Amount ($)	Preferred Shares	Amount ($)	Equity component of convertible loan ($)	Stock Options (Note 14(c)) ($)	Warrants (Note 14(d)) ($)	Deficit ($)	Total ($)
Balance, December 31, 2012 (unaudited)	3,785,575	994,346	-	-	-	22,659	44,438	(2,013,723)	(952,280)
Settlement of debt (Note 13)	-	-	40,320	60,480	-	-	-	-	60,480
Settlement of debt (Note 14 (b))	81,000	33,786	-	-	-	-	-	-	33,786
Shares issued for debt premium	10,000	4,500	-	-	-	-	-	-	4,500
Warrants (Note 14(d))	-	952	-	-	-	-	(952)	-	-
Cancelled shares	(110,000)	(70,278)	-	-	-	-	-	-	(70,278)
Share-based compensation	107,000	164,389	-	-	-	6,263	-	-	170,652
Issuance of convertible loans	-	-	-	-	60,366	-	-	-	60,366
Net loss for the year	-	-	-	-	-	-	-	(868,074)	(868,074)
Balance, December 31, 2013 (unaudited)	3,873,575	1,127,695	40,320	60,480	60,366	28,922	43,486	(2,881,797)	(1,560,848)
Settlement of debt (Note 14 (b))	604,180	545,269	-	-	-	-	-	-	545,269
Shares issued for proceeds	151,515	50,000	-	-	-	-	-	-	50,000
Warrants	-	(2,908)	-	-	-	-	2,908	-	-
Share-based compensation	657,000	273,865	-	-	-	9,640	-	-	283,505
Issuance of convertible loans	-	-	-	-	(40,784)	-	-	-	(40,784)
Net loss for the year	-	-	-	-	-	-	-	(52,319)	(52,319)
Balance, December 31, 2014	**5,286,270**	**1,993,921**	**40,320**	**60,480**	**19,582**	**38,562**	**46,394**	**(2,934,116)**	**(775,177)**

The accompanying notes are an integral part of these financial statements.

SATURNA GREEN SYSTEMS INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31
(Expressed in Canadian Dollars)

		2014		2013 (unaudited)
Operating activities				
Net loss for the year	$	(52,319)	$	(868,074)
Items not involving cash:				
Amortization		3,598		1,602
Share-based compensation		283,506		170,652
Settlement of debts		(34,629)		33,785
Issuance of preferred shares		-		60,480
Gain on debt settlement		(876,783)		-
Shares issued as debt premium		-		4,500
Accretion interest		17,509		48,959
Cancelled shares		-		(70,278)
Loss on conversion of convertible debentures		4,495		-
Changes in non-cash working capital items related to operations:				
Accounts receivable		(25,195)		(221,764)
Tax credits receivable		81,099		150,309
Prepaid expenses		(49,297)		(10,216)
Purchase of inventory		(129,102)		-
Accounts payable and accruals		179,374		269,458
Due to/from related parties		148,580		279,703
Cash used in operating activities		(449,164)		(150,884)
Investing activities				
Purchase of fixed assets		(54,335)		(350)
Investment in GIC		-		(2,000)
Cash used in investing activities		(54,335)		(2,350)
Financing Activities				
Proceeds from loans		64,000		29,294
Convertible loans		410,000		125,000
Shares issued for proceeds		50,000		-
Cash provided from financing activities		524,000		152,294
Net increase in cash and cash equivalents		20,501		1,060
Cash, beginning of period		29,590		28,530
Cash, end of period	**$**	**50,091**	**$**	**29,590**

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

Saturna Green System Inc., (the "Company") or ("SGS") is a privately held company incorporated under the laws of British Columbia on June 23, 2010.

SGS is in the business of developing hardware and software solutions for light weight inner-city vehicles. SGS is in its development phase and has not earned revenues from the sale of its hardware and software solutions to date.

2. BASIS OF PREPARATION

These financial statements, including comparatives, are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. All dollar amounts presented are in CAD dollars unless otherwise specified. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, meaning that it will continue in operation in foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company does not yet earned revenues and has no source of capital beyond capital raised. If the Company is unable to raise sufficient capital required, it will likely be unable to continue operations. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

As at December 31, 2014, the Company had a net working capital deficiency of $320,439 (2013 - $1,174,708) and an accumulated deficit of $2,934,116 (2013 - $2,881,797).

Critical Accounting Estimates

The preparation of these financial statements 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 expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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:

i) The carrying value and the recoverability of fixed assets, which are included in the statements of financial position based on the planned development budgets and results of research and development programs.

ii) The inputs used in accounting for share-based compensation expense included in profit or loss calculated using the Black-Scholes option pricing model.

iii) The valuations of shares issued in non-cash transactions using the quoted share price as the fair value based measurement on the date the shares are issued for the transaction.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Scientific research and experimental development tax credits

The Company is Canadian Controlled Private Corporation eligible to receive refundable tax credits based on its eligible scientific research and experimental development expenditures. The Company records the anticipated tax credits as a reduction in the costs to which they apply, at such time that the amount of tax credits is estimable and their receipt is reasonably assured. The Company has estimated tax credits of $81,099 for the year ended December 31, 2014 (2013 - $150,309).

b) Research and development costs

The Company expenses its research and development costs in the period in which they are incurred.

c) Basic and diluted comprehensive earnings per share

Basic earnings per share are calculated by dividing net income for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the dilution that would occur if potentially dilutive securities were exercised or converted into common shares at the beginning of the period. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the “if converted” method.

d) Equipment

Equipment is carried at cost less amortization and amounts written off. The assets residual value, amortization methods and useful lives are reviewed, and adjusted, if appropriate, at each reporting date. Amortization is provided for over the estimated lives of the related assets based on annual rates as follows:

System Software	2 Years – Straight Line
Office equipment	20%

e) Cash and cash equivalents

Cash equivalents consist of highly liquid investments that are readily convertible into cash with maturities of three-months or less when purchased.

f) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive 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 cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

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. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

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 directly in equity. 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 equity and recognized in the statement of loss and comprehensive loss.

All financial assets except for those 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 any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

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

Other financial liabilities: This category includes amounts due to related parties, convertible debenture and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash and cash equivalents as fair value through profit and loss. The Company’s receivables are classified as loans and receivables. The Company’s accounts payable and accrued liabilities, due to related parties and convertible debenture are classified as other financial liabilities.

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

> Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
>
> Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and
>
> Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

The fair values of the Company's cash and cash equivalents constitutes a Level 1 fair value measurement. The fair value of the Company's receivables, due to related parties, and accounts payable and accrued liabilities approximate the carrying value due to their short-term nature. The convertible debenture is recorded at amortized cost.

g) Stock-based compensation

The value of share purchase options is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

The Company recognizes compensation cost under Opinion 25 of the Financial Accounting Standards Board. For stock based awards, compensation cost shall be recognized over the requisite service period, with a corresponding credit to equity. The requisite service period is the period during which an employee is required to provide service in exchange for an award, which often is the vesting period. The full fair value of the shares is recorded in equity and an offsetting deferred compensation balance is recorded within equity for the unrecognized compensation cost. Under ASC 718, an equity instrument is not considered to be issued until the instrument vests.

The Company recognizes compensation paid in shares for services to contractors and suppliers at the value of the services provided, based on FASB Statement No. 123.

h) Compound instruments

The Company records the value of its compound instruments by valuing their separate components, and calculating financing costs associated with future redemption premiums.

i) Convertible loan

The convertible loan is initially recorded at fair value and subsequently measured at amortized cost. The convertible loan is allocated between the debt and equity components using the residual method at the date of issuance and is recorded net of transaction costs. The debt component is accreted to the face value using the effective interest method, with the resulting charge recorded as accretion on convertible loan, which is included in interest on convertible loan in the consolidated statement of operations.

In instances where the Company issues equity instruments to settle all or a part of the outstanding debt, the equity instruments are treated as consideration paid and are measured initially at fair value of the equity instruments issued, or when not reliably measurable, at the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss. If the financial liability is not fully extinguished, and terms related to the

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Convertible loan (continued)

remaining portion have been modified, the Company allocates the consideration paid between the extinguished portion and the modified portion.

j) New accounting standards

IAS 32, Offsetting Financial Assets and Financial Liabilities – In 2011, the IASB issued amendments to IAS 32 clarifying the meaning of "currently has a legal enforceable right to set-off and the application of the IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. These amendments are required to be adopted for periods beginning November 1, 2014. The Company is currently analyzing the impact, if any, that the adoption of this standard will have on its financial statements.

Recoverable Amount Disclosures for Non-Financial Assets - Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The Company is currently analyzing the impact, if any, that the adoption of this standard will have on its financial statements.

Amendments to other standards

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements, and IAS 28, Investments in Associates and Joint Ventures. 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, 11, 12 and 13.

IFRS 7, Financial Instruments: Disclosures – In December 2011, the IASB amended IFRS 7 (Financial Instruments: Disclosures) requiring additional disclosures on offsetting of financial assets and financial liabilities. This amendment is effective for annual periods beginning on or after January 1, 2013. This standard also requires additional disclosures about the initial application of IFRS 9. The IFRS 7 amendment is effective for annual periods beginning on or after January 1, 2015 (or otherwise when IFRS 9 is first applied).

In November 2009, the IASB published IFRS 9, "Financial Instruments, "which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. The effective date is January 1, 2018. Early adoption is permitted and the standard is required to be applied retrospectively.

4. CAPITAL MANAGEMENT

The Company's capital is comprised of its share capital and loans payable.

The Company does not generate adequate working capital from operations necessary to meet its capital requirements. The Company is reliant on issuing debt and equity capital to ensure operational stability, to finance enhancements to its current product offering and to develop new products and services offerings. The Company plans to issue equity and debt capital to meet its financial needs. Management and the Company's directors review the Company's capital management approach on an ongoing basis.

5. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Interest rate risk

The Company has non-material exposure at December 31, 2014 to interest rate risk through its financial instruments.

Credit risk

The Company has some cash balances and convertible debentures (See Note 12). The Company has no significant concentrations of credit risk arising from operations.

Receivables consist of goods and services sales tax due from the Government of Canada. Management believes that the credit risk concentration with respect to receivables is remote.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of one year or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. Management believes its credit risk to be minimal.

Liquidity risk

The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at December 31, 2014, the Company had a cash balance of $50,091 (December 31, 2013 - $29,590) to settle current liabilities of $620,664 (December 31, 2013 - $1,381,937).

Commodity price risk

The Company's ability to raise capital to fund research or development activities is subject to risks associated with fluctuations in the market prices of copper and gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

(Expressed in Canadian Dollars)

6. INVENTORY

	December 31, 2014	December 31, 2013
Inventory (carrying at cost)	$ 129,102	$ -

Inventories are recorded at lower of cost or net realizable value. Costs include the purchase price plus additional costs necessary to bring each product to its current condition, net of discounts. The net realizable value is the estimated selling price during the ordinary course of business, less estimated costs required to complete the sale. Cost of inventory is determined using weighted average method.

7. PROPERTY AND EQUIPMENT

Property and equipment is comprised as follows:

	As at December 31, 2014			As at December 31, 2013		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer Equipment	3,854	(3,854)	-	3,854	(3,680)	174
Office Furniture	3,955	(2,133)	1,822	3,599	(1,321)	2,278
Computer Software	5,934	(2,967)	2,967	-	-	-
Production Tooling	48,400	-	48,400	-	-	-
Total	62,143	(8,954)	53,189	7,453	(5,001)	2,452

8. ACCRUED COMPENSATION

Accrued compensation as at December 31, 2014 is $103,938 (2013 - $186,212). During the year, accrued compensation in the amount of $858,699 was forgiven, $674,667 which was due to directors and officers of the Company. The forgiveness of accrued compensation was part of a royalty arrangement.

9. CONTINGENT CONSIDERATION

During the year the Company entered into an agreement with its employees to pay a quarterly royalty calculated as 15% of adjusted EBITDA. The royalty agreement was entered into in consideration for the forgiveness of accrued compensation and in consideration for a reduction in remuneration to March 31, 2015. Adjusted EBITDA is defined as earnings before interest, taxes, amortization and non-recurring engineering and development costs. The aggregate royalty is capped at $1,150,000. Of this royalty cap up to $804,900 may be payable to directors and officers of the Company. If there is a liquidity event, defined as a financing in the minimum amount of $5 million, listing the Company’s shares on a public stock exchange or a sale of more than 50% of the shares of the Company, the maximum amount of the royalty may at the option of the Company be converted to Class “A” Common Shares of the Issuer at their fair value.

10. RELATED PARTY TRANSACTIONS

The following amounts are due to related parties as at December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Companies controlled by directors	$ -	$ -
Directors and officers of the Company	5,822	573,954
Bridge loans from director	150,000	150,000
	$ 155,822	$ 723,954

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (continued)

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Key management compensation

		December 31, 2014		December 31, 2013
Salary accrued	$	113,675	$	266,740
Consulting fees		225		320
	$	113,900	$	267,060

On August 28, 2012, the Company issued non-interest bearing loan in the amount of $75,000, due to an officer and director of the Company. The maturity date of the loan was August 29, 2013. On September 27, 2012, the Company issued non-interest bearing loans in the amount of $75,000, due to an officer and director of the Company. The maturity date of the loan was September 28, 2013. The maturity dates of the loans were extended to December 31, 2016. The loans are repayable from proceeds of a financing or from proceeds of the Company's refundable tax credits with respect to years ending after December 31, 2014. An aggregate amount of $150,000 in principal payment remain outstanding as at December 31, 2014.

11. LOANS, SHORT TERM

During the years ended December 31, 2014 and 2013 the Company issued short term loans in the aggregate amount of $100,000 and $62,507 respectively and repaid $36,000 and $31,586 respectively:

(a) In 2012 the Company issued loans in the aggregate amount of $66,000 and as consideration for the loans, issued 6,600 Class "A" Common Shares to the holders at a deemed price of $1.35 per share. Loans are repayable from proceeds of a financing or from proceeds of the Company's refundable tax credits. During the year ended December 31, 2013 $30,000 of the loans were repaid. During the year ended December 31, 2014 the remaining $36,000 was repaid.

(b) As at December 31, 2014, a loan made in December 2012 in the amount of $50,000 remains outstanding past its maturity date of December 10, 2013. The loan is non-interest bearing and is repayable from the proceeds of a financing.

(c) Employee loans outstanding at December 31, 2014 total $10,880 (2013 - $10,880).

(d) In November 2013 the Company issued short-term loans in the aggregate amount of $50,000. In connection with the loans a premium of 10,000 Class "A" Common Shares was provided, at a deemed valued of $4,500. During the year ended December 31, 2014 Company issued 55,636 common shares at a price of $1.00 per share as consideration for principal and accrued interest.

12. CONVERTIBLE DEBENTURES

(a) During the year ended December 31, 2014, the Company has issued convertible debentures ("the Debentures") in an aggregate principal amount of $360,000 bearing interest at a rate of 10% per annum and $50,000 bearing interest at a rate of 5% per annum, calculated annually and payable on maturity.

Pursuant to the Debentures, the lenders may convert the Debenture and interest outstanding, in whole and not in part, by providing notice to the Company into common shares of the Company at price per share determined by:

12. CONVERTIBLE DEBENTURES (continued)

i) If within one year of the date of the Debentures the Company completes a transaction resulting in its shares being traded on a public market, either directly or through a reverse takeover or change of business with a listed public company, that number of calculated as the face value only of the Debentures divided by the price determined for the transaction less 25%;

ii) If after one year from the date of the Debentures the Company completes resulting its shares being traded on a public market, either directly or through a reverse takeover or change of business with a publicly traded Company, the price determined for the transaction, less 10%;

iii) If the Company is public traded at the time of conversion, then the conversion is set at a price equal to the closing market price of the Company's Cass A Common Shares averaged over a consecutive 10 day period, less 10%;

iv) If the Company is not publicly traded, the most recent price paid by a third party for Class A Common Shares within the preceding 90 day period, less 10%, or

v) If there is no basis for determination under items (i) and (ii) above, then fair value shall be assessed by mutually acceptable reputable, independent third party, less 10%.

Pursuant to the convertible debentures, the Company shall have the right to force the conversion of the principal amounts outstanding under the Debentures within 90 days of a Liquidity Event. The amount of principal amounts advanced under the Debentures shall be converted at a 25% discount to the fair value of the Company's shares based on the value determined pursuant to the Liquidity Event; or if there is no value assigned to the Company pursuant to the Liquidity Event, on the basis described above. There will be no further consideration payable for accrued interest.

For accounting purposes, the Debentures contain both a liability component and an equity component, being the lender's conversion option to shares, which have been separately presented on the consolidated statement of financial position. The Company allocated the original $410,000 principal of the Debentures to the individual liability and equity components by establishing the fair value of the liability component at the date of issue and then allocating the remaining balance of the net proceeds to the equity component. The fair value of the liability component was determined by discounting the stream of future payments of interest and principal amounts at the estimated prevailing market rate at the date of issuance of 13% for a debt instrument of similar maturity and credit quality but without any share conversion option for the lenders. Including the impact of the costs of issuance, applying the effective interest method, the liability component of the Debentures bear an effective annual interest rate of 13%.

(b) On August 31, 2013 The Company issued an unsecured three-year convertible debenture with a face value of $125,000. The debenture bears no interest and is convertible into Class "A" Common Shares at the option of the holder at any time after maturity at the current share price less 10%, or at the option of the Company if there is a liquidity event. In addition, the holder received a premium of 75,000 Class "A" Common Shares with a deemed value of $37,500. During the year ended December 31, 2014 the holder converted the debenture to into 138,000 common shares at a price of $0.90 per common share.

(c) On January 31, 2011 the Company issued an unsecured three-year convertible debenture with a face value of $125,000 and interest payable at 10% per annum. In addition, the holder received warrants to acquire Class "A" Common Shares, which expired during the year ended December 31, 2014, and consideration of 75,000 Class "A" Common Shares. During the year ended December 31, 2014 the holder converted the debenture along with accrued interest of $53,454 into 198,282 common shares of the company at a price of $0.90 per share.

(Expressed in Canadian Dollars)

12. CONVERTIBLE DEBENTURES (continued)

The convertible debentures are made up as follows:

		December 31, 2014		December 31, 2013
Equity component	$	19,582	$	60,366
Liability component, at the date of issuance		390,418		189,634
Accretion of interest		17,509		48,959
Liability component, end of year	$	407,927	$	238,593

13. PREFERRED SHARES

On May 31, 2013 the Company issued 40,320 Preferred Shares to settle services rendered in the amount of $60,480. The Preferred shares are convertible in whole or in part at a ratio of 110 Common Shares for each 100 Preferred Shares converted, at any time at the option of the holder, and may be redeemed at the option of the holder from the proceeds of a financing in excess of $1 million.

As at December 31, 2014, 40,320 Preferred Shares remain outstanding.

14. SHARE CAPITAL AND RESERVES

(a) Authorized

An unlimited amount of common shares and preferred shares without par value.

(b) Share Issuances

Year ended December 31, 2014

During the year ended December 31, 2014, the Company settled debts of $545,269 by issuance of 604,180 common shares.

During the year ended December 31, 2014, the Company issued 151,515 common shares for proceeds of $50,000.

During the year ended December 31, 2014, the Company accrued/paid $273,865 share-based compensation by issuance of 657,000 common shares.

Year Ended December 31, 2013

During the year ended December 31, 2013, the Company settled debts of $33,786 by issuance of 81,000 common shares.

During the year ended December 31, 2013, the Company accrued/paid $4,500 debt premium by issuance of 10,000 common shares.

During the year ended December 31, 2013, the Company accrued/paid $164,389 share-based compensation by issuance of 107,000 common shares.

(Expressed in Canadian Dollars)

14. SHARE CAPITAL AND RESERVES (continued)

(c) Share-based Compensation

Under the Company's Stock Option Plan, adopted on January 1, 2011, options to purchase common shares may be granted by the board of directors to directors, consultants, officers and employees of the Company for terms up to five years at a price at least equal to the market price prevailing on the date of the grant. The maximum number of common shares available for issuance under the plan is limited to 10% of the issued and outstanding common shares.

The continuity of the stock options for the year ended December 31, 2014 and 2013 is as follows:

	Options	Weighted Average Exercise Price	
Balance, December 31, 2012	354,500	$	0.88
Granted	-		-
Expired	-		-
Cancelled	(190,000)	$	(0.73)
Balance, December 31, 2013 and 2014	164,500	$	1.06

The following table summarizes the stock options outstanding as of December 31, 2014:

Outstanding	Exercise Price		Expiry Date	Exercisable
30,000	$	0.50	January 6, 2016	30,000
30,000	$	0.75	June 30, 2016	30,000
30,000	$	0.75	August 31, 2016	30,000
10,000	$	1.35	November 22, 2016	10,000
7,500	$	2.00	January 24, 2017	7,500
30,000	$	1.50	May 8, 2017	30,000
27,000	$	1.50	June 28, 2017	27,000
164,500				164,500

For the year ended December 31, 2014, the Company recorded $9,640 in stock-based compensation expense (December 31, 2013 - $6,263).

No stock options were granted during the years ended December 31, 2014 and December 31, 2013.

(d) Warrants

The continuity of the warrants for the years ended December 31, 2014 and 2013 is as follows:

	Warrants	Weighted Average Exercise Price	
Balance, December 31, 2012	222,225	$	2.50
Granted	62,500		1.50
Balance, December 31, 2013	284,725	$	2.28
Expired	(284,725)	$	2.28
Balance, December 31, 2014	-	$	-

(Expressed in Canadian Dollars)

15. INCOME TAXES

The estimated taxable income for the period is $NIL. Based upon the level of historical taxable income, it cannot be reasonably estimated at this time if it is more likely than not that the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by an equivalent estimated taxable temporary difference valuation allowance. The estimated taxable temporary difference valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some or all of the future tax assets or future tax liabilities will be realized.

16. EXPENSES BY NATURE

For the Year Ended December 31, 2014

	General And Administration	Research and Development	Sales and Marketing
Office expense	52,421	46,618	1,636
Accounting and Legal	2,111	14,600	-
Consulting	23,352	83,348	-
Personnel	229,524	216,162	15,968
Travel	9,098	63	10,721
Totals	$ 316,506	$ 360,791	$ 28,325

For the Year Ended December 31, 2013 (unaudited)

	General And Administration	Research and Development	Sales and Marketing
Office expense	76,620	60,013	1,520
Accounting and Legal	23,931	-	-
Consulting	32,164	240,254	7,808
Personnel	301,251	266,137	(1,260)
Travel	12,302	10,586	18,311
Totals	$ 446,268	$ 576,990	$ 26,379

17. SUBSEQUENT EVENTS

On January 8, 2015, the Company entered into an agreement with a past employee with respect to settlement of $49,015 accrued compensation. The past employee agreed to convert this to common shares in the event that the Company raises a minimum of $2 million.

On March 20, 2015, the Company issued 398,250 Class A Common Shares in private placement for proceeds of $318,600. For each common share issued the holder received one Class A Common Share purchase warrant, each warrant entitling the holder to purchase on or before March 20, 2020 one Common Share at the following exercise prices:

(i) On or before March 20, 2017, of $0.20 per Common Share;
(ii) After March 20, 2017 and on or before March 20, 2018, of $0.40 per Common Share;
(iii) After March 20, 2018 and on or before March 20, 2019, of $1.00 per Common Share; and
(iv) After March 20, 2019 and on or before March 20, 2020, of $2.00 per Common Share.

17. SUBSEQUENT EVENTS (continued)

On May 5, 2015, the Company entered into an agreement with Prolog, a Mexican Company, to acquire an exclusive license to a specialized software program for the Company's worldwide use for light-weight inner city vehicles. Under the agreement, the company will pay US$ 400,000, 70% payable in shares with an agreed price of US$1.00 and 30% payable in cash. Payment in full is due by December 31, 2015. In addition, the Company will procure the services of Prolog to assist with training and integration and will compensate Prolog in the same ratio of shares and cash. In August 2015, the Company issued 60,000 Class A Common Shares (CAD $67,440) with respect to the license acquisition and 4,149 Class A Common Shares (CAD $4,663) with respect to the services.

On July 31, 2015, the Company issued 175,838 Class A Common Shares at an agreed price of $0.80 per share as stock bonus to its employees, including two directors/officers. Shares issued to directors/officers comprised of 66,144 shares.

SCHEDULE "D"

MANAGEMENT DISCUSSION AND ANALYSIS OF SATURNA GREEN SYSTEMS INC.

SATURNA GREEN SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (this "**MD&A**") is dated May 29, 2016 and is intended to assist the reader in understanding the results of operations and financial condition of Saturna Green Systems Inc. ("**Saturna**", the "**Company**", "**we**", "**our**" or "**us**"). This MD&A should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2015 and 2014 and accompanying notes.

Unless otherwise noted, results are reported in Canadian dollars which is the Company's functional currency and are reported in accordance with International Financial Reporting Standards ("**IFRS**"). References to USD are references to United States dollars.

CAUTION ON FORWARD-LOOKING INFORMATION

This MD&A contains certain "forward-looking information" and "forward-looking statements" (collectively "**forward-looking statements**") within the meaning of applicable Canadian securities legislation. When we discuss our strategy, plans, outlook, future financial and operating performance, financing plans, growth in cash flow and other events and developments that have not yet happened, we are making forward-looking statements. All statements in this MD&A that address events or developments that we expect to occur in the future are forward-looking statements, including the following: our intention to ship scooters equipped with our devices directly from the manufacturer; the development and capabilities of LOOPShare (as defined herein) platform to enable scooter sharing operations; the negotiation, execution and completion of the Share Exchange Agreement (as defined herein); the completion of the Consolidation, the Private Placement and the Transaction (as such terms are defined herein); the continuing trend towards a sharing economy; projections in relation to global urbanization; our plan to launch operations by partnering with operators worldwide; our plan to continue the development of our devices to provide for manufacturing cost savings; our plan to customize the Vmoto (as defined herein) scooter; our plan to obtain certification of the SVD400G device (as defined herein); our plan to obtain homologation of the Vmoto scooter; our plan to commence scooter sharing field trials; our plan to make an SR&ED (as defined herein) claim for the 2015 year; payments under the Amended and Restated Royalty Agreement (as defined herein); our plan to develop hardware enhancements, new hardware products, and new software in order to continue to provide leading edge technology; our plan to launch a LOOPShare trial program; our plan to increase development activities upon completion of the Transaction (as defined herein); our plan to outsource final assembly operations; our anticipation that margins on hardware sales will improve; our expectations regarding capital to be received from Kenna (as defined herein) upon completion of the Private Placement and the Transaction; our expectations in relation to the Berytech Business Arrangement (as defined herein); our plan to repay debt upon completion of the Transaction; our expectations in relation to working capital; our expectations in relation to our future financial needs; our expectations in relation to a business arrangement with Loop (as defined herein); additional advances from BTFII (as defined herein) and the issuance of Additional Berytech Warrants (as defined herein); our expectations regarding our OEM (as defined herein) customers and completing such customers' orders; and our expectations in relation to competition and foreign currencies.

Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as "expect", "plan", "anticipate", "project", "target", "potential", "schedule", "forecast", "budget", "estimate", "intend" or "believe" and similar expressions or their negative connotations, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Forward-looking statements necessarily involve assumptions, risks and uncertainties, certain of which are beyond Saturna's control, including the following:

Our dependence on suppliers and customers; our untested business model; our ability to attract qualified operators; the competitive nature of the transportation sharing market; our ability to manage our growth; geopolitical risks; exchange rate risks; regulatory risks; our future operations; our dependence on key personnel; dilution to present and prospective shareholders; the lack of a market for our securities; and our share price.

As we are entering into a new business segment, future operations are uncertain and there is a risk that there will be a limited market for our services. In addition, operational challenges such as licensing, regulation and product and service costs are uncertain and may vary from country to country.

The Company assumes no responsibility to revise forward looking statements to reflect new information, subsequent events or changes in circumstances, except as required by applicable securities laws.

1. Description of Business

Saturna is an unlisted, non-reporting company that was incorporated under the *Business Corporations Act* (British Columbia) on June 23, 2010.

Saturna is in the connected vehicle industry with a focus on two wheel electric vehicles. Saturna's primary business is to leverage its advanced technology platform to provide shared fleets of scooters for urban centers world-wide.

Saturna has developed a 7" ruggedized touch screen display that replaces the traditional analog dashboard of a two wheel vehicle ("**SVD400**"). Saturna sells its SVD400 to original equipment manufacturers ("**OEMs**") for assembly line installation on such OEMs' vehicles.

In 2015, Saturna commenced development of modifications to its SVD400 device to provide for 3G connectivity ("**SVD400G**"), intended to enable a wide range of applications, including a series of applications that would allow operation of a vehicle sharing program. Subsequent to December 31, 2015 Saturna developed a prototype SVD400G for installation on a specific model of scooter that it has selected for its vehicle sharing program. Saturna is currently in the testing phase of this program. It is intended that scooters equipped with the SVD400G may be shipped directly from the manufacturer to cities world-wide for scooter sharing operations.

2. Overall Performance

a) <u>Product Development</u>

Saturna entered into an agreement with Mahindra Tractor Assembly Inc. ("**Mahindra**") on May 31, 2013, for the customization and development of SVD400 devices for factory installation on their electric scooters. During the year ended December 31, 2014, Saturna completed the development of the first release of the SVD400 and completed its testing of prototype SVD400 devices. On January 21, 2015, Saturna received factory acceptance from Mahindra and commenced shipping commercial units.

In 2015, Saturna commenced development of its SVD400G device, a device that wirelessly connects to the internet. On June 1, 2015, Saturna entered into a supply agreement with Vmoto Limited ("**Vmoto**") for the exclusive provision of a particular model of scooter for Saturna's scooter sharing business. In

September 2015, Saturna received four trial scooters from Vmoto and commenced testing the scooters and the prototype of the SVD400G device.

In 2015, Saturna commenced development of a software platform ("**LOOPShare**") that is intended to provide a suite of back-end office programs for scooter sharing, including safety and security, scooter booking, accounting and reporting. LOOPShare is intended to interface between an electric scooter battery management system and motor controller, Saturna's SVD400G device and the internet. In 2015 Saturna licensed two software programs from third party operators to provide components of the initial release of LOOPShare.

b) Financing

In March 2015, the Company raised gross proceeds of $318,600 from the sale of 398,250 units at a price of $0.80 per unit, with each unit comprised of one Class A common share of the Company (a "**Share**") and one Share purchase warrant (a "**Warrant**"). Each Warrant entitles the holder thereof to purchase a Share for a period of five years from the date of issuance, at an exercise price of $0.20 per Share for the first two years, $0.40 per Share for the third year, $1.00 per Share for the fourth year, and $2.00 per Share in the fifth year. The proceeds of this financing were used for general and administrative purposes and for product development.

c) The Transaction

On February 18, 2016, the Company entered into a letter of intent (as amended March 14, 2016 and April 14, 2016, the "**LOI**") with Kenna Resources Corp. ("**Kenna**"), a company incorporated under the laws of Saskatchewan and continued under the laws of British Columbia, listed on the TSX Venture Exchange (the "**TSXV**"). The LOI sets out the essential terms and conditions of the share exchange agreement (the "**Share Exchange Agreement**") that will be entered into by Kenna, Saturna and the security holders of Saturna, pursuant to which Kenna will acquire all of the issued and outstanding securities of Saturna, in exchange for equivalent securities of Kenna (the "**Transaction**"). Kenna will change its name to "LOOPShare Inc.", or such other name as Kenna and Saturna may agree upon. The issuer that will exist upon completion of the Transaction is hereinafter referred to as the "**Resulting Issuer**".

Prior to the completion of the Transaction, Kenna will consolidate its common shares (the "**Consolidation**") on the basis of approximately 1.47 old common shares for 1 new common share (a "**Kenna Post-Consolidation Share**").

After completion of the Consolidation, but prior to the completion of the Transaction, Kenna will complete a non-brokered private placement of Kenna Post-Consolidation Shares (the "**Private Placement**"), at a price of $0.20 per share, to raise a minimum of $1.2 million, and up to a maximum of $2 million.

Upon completion of the Consolidation, the Private Placement and the Transaction, (a) Saturna will be a wholly owned subsidiary of the Resulting Issuer, (b) the shareholders of Saturna immediately prior to the completion of the Transaction will own approximately 61% of the common shares of the Resulting Issuer (the "**Resulting Issuer Shares**"), and (c) the business of the Resulting Issuer will be the current business of Saturna.

This Transaction is subject to the entering into of the Share Exchange Agreement by the security holders of Saturna, the approval of the TSXV and such other regulatory approval as may be required. The Transaction may not close when expected, or at all.

d) Business Arrangement

On February 3, 2016, Saturna entered into a master agreement (the "**Berytech Agreement**") with Berytech Fund II s.a.l. (Holding) ("**BTFII**"), Berytech Fund Management s.a.l. (Holding) ("**BTFM**"), Loop s.a.l. ("**Loop**"), and Anwar Sukkarie, a director and officer of the Company. Loop is a Lebanese company incorporated for the purpose of this business arrangement (the "**Berytech Business Arrangement**"). Pursuant to the Berytech Agreement, BTFII has, at the date of this MD&A, advanced Loop USD 610,000, which amount may be increased to an aggregate of USD 2.5 million, upon agreement of all parties to the Berytech Agreement. USD 190,000 of the advance was used to immediately repay certain non-interest bearing loans previously granted by BTFM to Loop. The remaining proceeds of the initial advance will be used by Loop to acquire scooters equipped with SVD400G, license software from the Company, commence a field trial for a scooter sharing operation in Beirut, Lebanon, and represent LOOPShare in the Middle East and Africa. In addition, Loop will perform further program development and commercialization activities, the products of which will be licensed to Saturna for its exclusive use pursuant to an agreement to be entered into between Loop and Saturna. Refer to the section entitled "Off Balance Sheet Arrangements" below, for additional information.

3. Future Plans and Outlook

There is a trend towards a sharing economy, especially in the area of shared transportation fleets, evidenced by the emergence of services such as Car2Go, Modo and Zip Car. There is significant worldwide growth in urban populations, with a majority of the world's population currently living in urban centers. The United Nations expects that, three quarters of the world's population will live in urban centers by the year 2050. This high rate of urbanization is placing strain on transportation systems worldwide. Saturna plans to launch an electric scooter sharing operation by partnering with operators worldwide to offer a solution for these urban transportation issues.

The Company (which term includes the Resulting Issuer, for the purposes of this section) is planning to perform the following activities during the year ending December 31, 2016:

a) complete the Transaction;
b) continue the development of the SVD400 and SVD400G devices to provide for manufacturing cost savings;
c) customize the Vmoto electric scooter to accommodate the use requirements of a scooter sharing operation;
d) obtain certification of the SVD400G device. Certification of a wireless device is the process by which a company must receive certification from government, industry and carriers. Industry and carrier groups have formed to streamline the certification criteria, which Saturna intends to meet by engaging a specialized testing lab;
e) obtain homologation of the Vmoto scooter to meet transport authority requirements for Canadian and European markets. Homologation is the approval process through which a vehicle receives certification from transport authorities or other location regulators to permit importation and road use; and
f) commence scooter sharing field trials in Vancouver, British Columbia, London, UK and Beirut, Lebanon.

4. Selected Annual Information

The selected annual information presented herein for the years ended December 31, 2015, 2014 and 2013 reflects the Company's transition from product development stage to product commercialization stage.

Over this period the Company reported an increase is customer revenue, a discontinuation in early stage government grants and Scientific Research and Experimental Development Refundable Tax Credits ("**SR&ED**") and a generally consistent level of operating expense. The Company's balance sheets reflect a steady increase in total assets as the Company acquires fixed assets and builds inventory. In addition to the issuance of equity, the Company has used debt instruments to finance its development, the details of which are set out herein.

	December 31, 2015 (Audited)	**December 31, 2014 (Audited)**	**December 31, 2013 (Unaudited)**
Total Revenue	$413,240	$68,162	$194,213
Loss before non-recurring item	$830,022	$912,607	$938,352
Net Loss	$830,022	$52,319	$868,074
Total Assets	**$602,786**	**$403,414**	**$209,681**
Total Liabilities	**$1,481,622**	**$1,178,591**	**$1,770,530**

a) Revenue

Revenue for each of the years ended December 31 was comprised as follows:

	December 31, 2015 (Audited)	**December 31, 2014 (Audited)**	**December 31,2013 (Unaudited)**
Hardware sales	$144,920	-	-
Development and customization services related to hardware sales	$268,320	$68,162	$71,656
Non-refundable grants	-	-	$122,557
Total Revenue	**$413,240**	**$68,162**	**$194,213**

The Company commenced shipping commercial SVD400 units during the year ended December 31, 2015, to an OEM customer. The Company recognized revenues in 2015 and 2014 related to the customization and development of its SVD400 device for this OEM customer. In 2015 the Company commenced customization and design work for a second OEM customer. This customization work is expected to be completed in 2016 and SVD400 units are expected to commence shipping to this OEM in 2016. In 2013, the Company recorded revenues from two OEM customers for early research and development of its resulting SVD400 device. Also included in 2013 revenue are government grants from the Natural Science and Engineering Research Council of Canada.

b) Loss from continuing operations

Saturna's loss from continuing operations for the year ended December 31, 2015 of $830,022 represented a decrease of 10% over the prior year, primarily due to Saturna's gross profit of $262,198.

For the year ended December 31, 2015, the Company did not report SR&ED, as the criteria under its policy for recognition of this credit, specifically, that the amounts must be estimable and their collection reasonably assured, was not met. SR&ED for 2014 of $81,099 reduced costs for that period. An SR&ED claim for the 2015 year is expected to be made in 2016.

Saturna's loss from operations for the year ended December 31, 2014 decreased by 2% over the prior year. In 2014, the Company reported a lower gross margin, primarily due to grants received in 2013 that were not received in later years. Operating expenses before deducting SR&ED were 19% less in 2014, due to less available funds. SR&ED decreased by 46% in 2014 due to lower expenditure on research and development activities.

c) <u>Net Loss</u>

The Company reported a net loss for 2014 that was significantly less than in 2015 and 2013, due to non-recurring gains on settlement of debt.

In 2014, the Company reported a gain on settlement of debt, of which $858,699 was due to the forgiveness of accrued compensation and $13,589 was due to the settlement of other debts.

During the year ended December 31, 2014, the Company entered into the a royalty agreement (the "**Royalty Agreement**") with 1022313 B.C. Ltd., the shareholders of which are previous and former employees and contractors of Saturna, including Juliet Jones and Anwar Sukkarie, who are directors and officers of Saturna ("**RoyaltyCo**."). The Royalty Agreement was entered into in consideration of the forgiveness of accrued compensation of the shareholders of RoyaltyCo. As at December 31, 2014, an aggregate of $858,699 was accrued respect to unpaid compensation subject to the Royalty Agreement. From January 1, 2015 to March 31, 2015, an additional $291,031 was accrued with respect to unpaid compensation subject to the Royalty Agreement, such that an aggregate of $1,150,000 was accrued respect to unpaid compensation as at March 31, 2015.

Pursuant to the Royalty Agreement, Saturna agreed to pay a quarterly royalty to RoyaltyCo. The aggregate amount payable under the Royalty Agreement is capped at $1,150,000 (the "**Royalty Max**"). If this Royalty Max were paid in full and in cash, $804,900 would be paid to directors and officers of the Company.

In connection with the Transaction, the Royalty Agreement will be amended and restated (the "**Amended and Restated Royalty Agreement**") to provide, among other things, that Kenna will, subject to closing of the Transaction, assume the rights and obligations of Saturna pursuant to the Royalty Agreement. The Amended and Restated Royalty Agreement further provides that the royalty will accrue as set out in the table below.

Number of cities to which 55 or more Saturna scooters were shipped	Value of royalty
The first three (3) cities, in aggregate	$69,000
Each one (1) subsequent city	$34,500

Such royalty amounts will be settled in Resulting Issuer Shares at a price per share equal to the greater of $0.13 per share and the market price per share, where "market price" is defined as a price equal to the Resulting Issuer's 10 day volume weighted average price. The number of Resulting Issuer Shares issuable pursuant to the agreement will be determined on each of:

- December 31, 2017, in respect of scooters shipped prior to December 31, 2017 (the "**First Record Date**"),
- December 31, 2018, in respect of scooters shipped in the preceding year (the "**Second Record Date**"), and

- December 31 of each subsequent year, in respect of scooters shipped in the preceding year, until the Royalty Max is achieved.

If (i) the value of the Resulting Issuer Shares calculated on the First Record Date or Second Record Date fall below $300,000 or $850,000, respectively, and (ii) the Resulting Issuer has generated positive EBITDA (as defined below) in the fiscal year preceding the applicable record date, then the royalty payable effective each of the First Record Date and the Second Record Date will be increased, only to the extent of 15% of such positive EBITDA, payable in cash or settled by the issuance of Resulting Issuer Shares, at the option of the Resulting Issuer. For the purposes of the Amended and Restated Royalty Agreement, "**EBITDA**" means net earnings before interest, depreciation and taxes, and before non-recurring expenses, engineering costs, software development costs, design costs, research and development costs, commercialization costs including filing of patents and certifications.

In 2013 the Company reported a gain of $70,278 from the cancellation of shares that were issued to employees pursuant to escrow terms.

d) Total Assets

Total assets at December 31, 2015, increased by 49% over total assets at December 31, 2013, primarily due to increased inventory levels and purchases of software licenses. During the year ended December 31, 2015, the Company acquired a software license to form part of the Company's LOOPShare platform and four test scooters in the total amount of $95,462, which accounted for 48% of the increase in total assets. A further 40% of the increase was due to the Company carrying higher levels of inventory as it commenced shipping commercial SVD400 units.

Total assets at December 31, 2014 increased by $193,733 over total assets at December 31, 2013. Approximately 26% of this increase was due to an increase of $50,737 in fixed assets, 95% of which was for production tooling. The Company reported inventory of $129,102 at December 31, 2014, while no inventory was reported at the end of the prior year and such reported inventory represented 67% of the increase in total assets. In 2014, Saturna commenced carrying inventory of long-lead items in preparation for shipment to an OEM customer in 2015. The Company's SR&ED receivable was reduced by $69,210 over the prior year, due to reduced eligible development spending representing a 36% reduction in total assets.

e) Total Liabilities

Total long-term debt at December 31, 2015 was nil, as the Company's debt instruments (including debentures with aggregate principal amounts of $406,857, and bridge loans from related parties of $150,000) mature in the year ending December 31, 2016 and were reclassified as current. The 26% increase in total liabilities over the prior period is due to the following:

Promissory note issued in the amount of US$200,000 to BTFM in connection with the Berytech Business Arrangement described under the heading "Overall Performance – Business Arrangement", above. Subsequent to December 31, 2015, this loan was redeemed.	$276,800
Increase in accounts payable and accrued liabilities due to increased inventory purchases, accrued legal fees relating to the Berytech Business Arrangement and reduced accounts payable turnover due to a shortage of funds.	$97,092
Increase in accrued compensation due to a shortage of funds. Subsequent to December 31, 2015, $64,634 of the accrued compensation was paid.	$76,314

Deferred revenue realized during the year ended December 31, 2015.	($200,414)
Non-interest bearing promissory note was settled with a related party for Shares at a price of $0.80 per share.	($50,000)

During the year ended December 31, 2014, the Company settled current and long term debt in the total amount of $545,269 by the issuance of Shares, as set out in the table below. This debt settlement accounted for 92% of the 67% reduction in total liabilities from the prior year.

Description of debt settled during the year ended December 31, 2014	**Shares issued to settle debt**	**Amount settled**
Convertible Debentures, interest and principal	337,171	$303,454
Term Loans, interest and principal	55,636	$55,636
Accrued compensation, settled for shares	64,760	$45,332
Accrued Liabilities	146,613	$140,847
Total debt settlement	**604,180**	**$545,269**

Also during the year ended December 31, 2014, the Company issued $360,000 of 10% long-term convertible debentures, $50,000 of 5% short-term convertible debentures and $100,000 of current debt, which together provided a 29% increase over the prior year.

In addition to compensation settled for Shares, $858,699 of accrued compensation was forgiven during the year. In connection with the forgiveness of accrued compensation and further accrual of compensation in the amount of $291,031 through to March 31, 2015, the Company entered into the Royalty Arrangement.

5. Results of operations

During the years ended December 31, 2015 and December 31, 2014 the Company's operations focused on the development of the Company's hardware and software products for OEM customers and for scooter sharing operations. In 2014, the Company completed development of its first product, the SVD400 device, and in the first quarter of 2015 the Company received OEM acceptance of the SVD400. In 2015, the Company commenced shipping commercial units for an OEM customer and added operations personnel to assist with the manufacturing of commercial units.

The Company's plans to continue research and development operations into future years to provide hardware enhancements, develop new hardware products and develop new software applications in order to continue to provide leading edge technology. In 2015, the Company commenced development of its SVD400G device, which connects the user to the internet to make available a wide range of applications. The Company also commenced development of its LOOPShare platform, which is expected to be launched in a trial program in 2016. The LOOPShare platform is the commercial portal that is intended to enable scooter sharing operations. Upon completion of the Private Placement and the Transaction, the Company plans to increase development activities related to the SVD400G and LOOPShare platform. In 2016, the Company plans to commence field trials of its SVD400G device on a model of scooter selected and customized by Saturna for its scooter sharing program world-wide.

a) Gross Profit Margin

The Company uses two contract manufacturers to build its specialized circuit boards and completes final assembly in house. As manufacturing volumes increase, the Company expects to outsource final assembly operations.

Saturna reported a combined gross profit margin of $262,198 (63%) for the year ended December 31, 2015, comprised of a margin on hardware sales of -4% and a 100% margin on development and customization services related to future hardware sales. The Company's low profit margin on hardware sales was due to favorable pricing extended to an OEM customer for an initial commercial order, which required OEM testing and product acceptance. Management anticipates that the margins on hardware sales will improve commencing at the end of 2016, as full commercial pricing is expected to take effect and due to cost savings from product design and manufacturing adjustments.

For the year ended December 31, 2014 Saturna reported gross profit margin of $32,964 (48%) on development and customization services due to third party, out of pocket expenses.

b) Operating Expenses

Operating expenses for the years ended:

	2015	**2014**
Amortization	$10,402	$3,598
General and administrative	$418,318	$316,506
Interest expense and debt premium	$48,931	$33,843
Research and development	$206,412	$360,791
Refundable tax credits	-	($81,099)
Sales and marketing	$120,572	$28,325
Share-based compensation	$250,619	$283,506
Foreign currency loss	$36,966	$12,101
Loss from continuing operations	$830,022	$924,607
Gain on settlement of debt	-	$872,288

i) General and administrative expense increased by 32% over the prior year, comprised as follows:

- 18% of the increase was due to an increase in office expense due to additional office space;
- 60% was due to legal and audit fees related to the completion of the Berytech Business Arrangement and due to the Company incurring audit fees not expensed in 2014; and
- 21% was due to a $21,671 increase in personnel expense. The increase is due to additional administrative personnel towards the end of 2015.

ii) Research and development costs decreased by 43% over the prior year, due to the following:

- 56% of the decrease was due to an $85,754 reduction in personnel expense, offset by share based compensation of $86,928. Employees agreed to a reduction in salaries for the 2015 year in exchange for share based compensation;
- 19% was due to a reduction in third party consulting fees. Projects with consultants in 2014 were completed in 2015, resulting in reduced expense;
- 22% was due to a decrease in materials and supplies that were used in development and testing the SVD400 device; and
- 9% was due to a decrease in SR&ED filing fees, as no claim was filed in 2015, while one was

made in 2014.

iii) Sales and marketing expense increased by 326% during the 2015 year due to increased activity as the Company prepares for its field trials of its scooter sharing service.

- 23% of the increase was due to increased travel expenses to develop international trial operations; and
- 77% was due to hiring additional personnel.

iv) Foreign Currency Loss

The Company initially translates foreign currency transactions into Canadian dollars, which is its functional currency, and recognizes them at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are subsequently re-translated at the balance sheet date exchange rates into the functional currency. Gains and losses resulting from the re-translation of foreign-denominated monetary assets and liabilities are included in the income statement.

The Company has no formal method for hedging foreign currency fluctuations. The Company receives revenue in US dollars and pays manufacturing materials, components and assembly primarily in US dollars, mitigating gains or losses from fluctuation in currency. Mismatched timing of these cash flows can result in currency gains and losses. During the year ended December 31, 2015, the Company issued a promissory note in the amount of USD 193,000. In 2015, currency loss of $25,861 was realized on this promissory note and $11,105 (2014 - $12,101) was realized from the re-translation of other current monetary assets.

6. Non-recurring transactions

In 2014, the Company recorded gains from settlement of debts, the majority of which were due to employees, in the amount of $872,288, reducing the loss for the year to $52,319. See “Selected Annual Information - Net Loss”, above.

7. Liquidity and Capital Resources

Saturna is reliant on its ability to raise capital in order to settle its debts as they come due. As an early stage company, Saturna has limited access to capital. At December 31, 2015, the Company had a working capital deficiency of $1,017,343, including convertible debentures in the amount of $456,857 which are secured on assets of the Company. The Company had commitments under its office lease and purchase orders of $253,037 for 2016 and $27,646 for 2017.

Although not committed, funding for expenditures required to meet current capacity, planned growth and development activities is estimated as follows:

Planned expenditures for the year ending December 31, 2016	Required funding
Current operational capacity	$1,120,000
Incremental development costs	$547,200
Incremental sales and marketing costs	$292,700
Incremental administration and operating costs, including scooter sharing trials	$204,200
Total funding required to meet planned expenditures	$2,164,100

Current operating capacity is estimated based on expenditures for the three months ended March 31, 2016, less non-recurring costs. Incremental costs have been estimated based on the assumption that in order to optimize the Company's growth, Kenna must raise the maximum gross proceeds of $2 million pursuant to the Private Placement. In the event that the Kenna does not raise the maximum proceeds Saturna's incremental costs may be reduced or reallocated from current operational capacity, resulting in less growth than planned.

Prior to the completion of the Transaction, Kenna will complete the Private Placement to raise a minimum of $1.2 million and up to $2.0 million. In addition to the Private Placement proceeds, it is expected that Kenna will have approximately $672,000 net working capital upon completion of the Transaction. Kenna made aggregate short term bridge loans of $250,000 to Saturna which are included in Kenna's working capital. As such, upon completion of the Private Placement and the Transaction, the Company expects to receive a minimum of $1.622 million, excluding transaction costs. Subject to the closing of the Transaction, Saturna plans to settle convertible debt in the principal amount of $510,000 and other debt in the amount of $49,015 by the issuance of Resulting Issuer Shares. Management estimates that the net proceeds from the Private Placement, along with the conversion of Saturna's debts, will provide Saturna with adequate working capital for at approximately 13 months from the completion of the Transaction. In the event that the Transaction is not completed and the debt is not converted, Saturna may be unable to settle its debts, continue operations or meet its plans for development and commercialization of it products.

Subsequent to December 31, 2015, the Company entered into the Berytech Business Arrangement that involved granting a security interest in its present and future intellectual property, thereby restricting the ability of Saturna to grant such security to other parties. This restriction could prevent Saturna from obtaining operating financing, such as leases and operating lines of credit. Saturna may be required to fund its ongoing operations from future operating surpluses, if they exist, or from raising additional equity financing.

8. Related Party Transactions

During the year ended December 31, 2015, the Company issued 74,479 Shares to two persons who are directors and/or officers of the Company, and one person related to a **[director and/or officer]** as part of a total of 138,338 Shares issued to employees as compensation pursuant to a Company-wide plan to reduce salaries payable in cash for the 2015 year (the "**Compensation Plan**"). The compensation paid to related parties was valued at $59,583. At December 31, 2015, the Company had an obligation to issue an additional 202,999 Shares under the Compensation Plan, of which 120,814 Shares valued at $81,550 were for related parties.

During the year ended December 31, 2014, the Company issued 48,905 Shares valued at $34,233, to two directors and/or officers as settlement of accrued salaries.

During the year ended December 31, 2015, the Company recorded salary expense to two directors and/or officers and a party related to a director and officer of $206,611 (2014 – $113,675) of which $51,941 (2014 - $NIL) was unpaid at the end of the year. Subsequent to December 31, 2015, $29,641 this amount was paid.

In July 2015 a director of the Company settled a $50,000 non-interest bearing promissory note in exchange for 62,500 Shares.

In connection with the forgiveness of accrued salaries during the year ended December 31, 2014, the Company entered into the Royalty Arrangement, to pay future royalties to employees. Under the Royalty Agreement, two directors and/or officers of the Company may receive up to $804,900 of the total royalty payable, based on future profitability. The maximum royalty that can be earned is equal to the applicable employee's accrued but unpaid salary. See "Selected Annual Information - Net Loss", above.

Subsequent to December 31, 2015 the Company entered into the Berytech Business Arrangement, with, among others, Loop, a Lebanese company that is 59.995% owned and controlled by Anwar Sukkarie, a director and officer of the Company (the remaining 0.005% is owned by Nabil Haddad, a Lebanese citizen in accordance with and pursuant to Lebanese corporate law**)**. The remaining 40% of Loop is owned and controlled by BFTII and BTFM. Mr. Sukkarie, Mr. Haddad, BFTII, BTFM and Loop have entered into a shareholders' agreement that requires the approval of both Mr. Sukkarie and BFTII in relation to specified matters, including the transfer of cash from Loop, entering into certain business transactions, and entering into transactions that could adversely affect the capital of Loop. The securities of Loop held by Mr. Sukkarie are subject to an agreement that provides Saturna with the option to acquire such securities at any time for US$1.00.

It is anticipated that the Company and Loop will enter into a business arrangement that will involve ongoing business transactions between the companies. See "Overall Performance – Business Arrangement" and "Off Balance Sheet Arrangements".

9. Off Balance Sheet Arrangements

At December 31, 2015, the Company had no off balance sheet arrangements. However subsequent to the end of the year, the Company entered into the Berytech Business Arrangement with Loop, as more particularly described under "Overall Performance – Business Arrangement", above, and in the "Subsequent Events" note to the Company's audited financial statements for the year ended December 31, 2015.

As of the date of this MD&A, BTFII has advanced USD 610,000 to Loop pursuant to the Berytech Business Arrangement and, in consideration for such advance, Saturna has issued a warrant to BTFII, which provides BTFII with the right to acquire 1,016,667 Shares at a deemed exercise price of USD 0.60 (CAD $0.831 as determined by the Bank of Canada noon day average rate on the effective date of the Berytech Agreement) per Share (the "**Initial Berytech Warrant**"). The price per share of CAD $0.831 is not subject to change based on fluctuations in foreign currency rates.

Upon full exercise of the Initial Berytech Warrant, the USD 610,000 advance to Loop will be extinguished and all securities of Loop held by BTFII and BTFM will be transferred to Saturna.

Subject to the approval of the parties, BTFII may invest a total of USD 2.5 million in Loop. In the event additional advances are made to Loop, it is expected that additional warrants will be issued for the purchase of the appropriate number of Shares at a deemed exercise price equal to the market price of the Resulting Issuer Shares or Shares (as the case may be) at the time the funds are advanced (each such warrant, an "**Additional Berytech Warrant**").

Although Saturna has no current ownership or control of Loop and does not participate in its current operating results, the Berytech Business Arrangement provides that the Initial Berytech Warrant can be exercised (a) by BTFII at any time or (b) by Saturna, on the occurrence of a Qualifying Event, as such term is defined in the Berytech Agreement. The Transaction is not a Qualifying Event pursuant to the Berytech Agreement.

Upon exercise of the Initial Berytech Warrant, the USD 610,000 advance from BTFII will be extinguished, and all of the securities of Loop held by BTFII and BTFM (with the exception of such number of securities as are required to be held by Lebanese entities or persons, in accordance with Lebanese laws) will be transferred to Saturna. If not exercised by BTFII or Saturna, the Initial Berytech Warrant will exercise automatically on February 3, 2019. The Company has entered into an option agreement with Anwar Sukkarie providing Saturna with the right to acquire his 59.995% interest in the equity in Loop for a price of USD 1.00 subject to the exercise of the Berytech Warrant or in the event of a Qualifying Transaction.

The Initial Berytech Warrant provides that if, prior to the completion of the Transaction, or such other transaction that results in the Shares directly or indirectly trading on a public stock exchange, the Company sells Shares a price per share less than CAD$0.831, the number of Shares that can be purchased pursuant to the Berytech Warrant will be adjusted accordingly.

It is expected that in the ensuing year the Company will report revenue from licensing its software and selling scooters to Loop. Loop is expected to continue development of software applications which will be licensed back to the Company for its use. Further, under the arrangement it will represent the Company in the Middle East and Africa with respect to identifying operators to establish scooter sharing operations. Refer to paragraph "Overall Performance – Business Arrangement" for additional information.

10. Fourth Quarter

The Company does not prepare quarterly financial statements. There were no events or items that occurred during the fourth quarter of 2015 that affected Saturna's financial condition, financial performance or cash flows, year-end and other adjustments or seasonal aspects of Saturna's business.

11. Outstanding Share Data

As at the date of this MD&A, the Company had 6,282,506 Shares outstanding and 40,320 series "A" preferred shares outstanding. Each series "A" preferred share is convertible, at the option of the holder, into Shares of the Company on the basis of 1.1 common shares for each preferred share converted.

As at the date of this MD&A, the Company has 76,000 incentive stock options outstanding at an average exercise price of $0.89, and 398,250 Warrants (excluding the Initial Berytech Warrant) outstanding. Each Warrant entitles the holder thereof to purchase a Share for a period of five years from the date of issuance, at an exercise price of $0.20 per Share for the first two years, $0.40 per Share for the third year, $1.00 per Share for the fourth year, and $2.00 per Share in the fifth year.

At December 31, 2015 there was an option outstanding to acquire 79,650 units at $0.80 per unit, each unit to be comprised of one Share and one common share purchase warrant, with the same terms as the Warrants described above. Effective March 20, 2016, this option expired.

Pursuant to the Business Arrangement set out herein, the Company has issued a warrant to issue 1,016,667 common shares in exchange for consideration of BTFII's interest in Loop. See "Off Balance Sheet Arrangements".

For additional details on the options and warrants refers to the Company's audited financial statements for the years ended December 31, 2015 and 2014.

12. Financial Instruments

During the year ended December 31, 2014, the Company issued convertible loans for proceeds of $410,000. The Company applied the prevailing market rate of 13% to calculate the fair value of the loans at the time of issue to be $369,216 and allocated the balance of $40,784 to equity under the residual method.

13. Risk Factors

a) Dependence on Suppliers

Saturna relies on several highly specialized suppliers for the provision of its scooters, touch screen displays, circuitry and modems. In the event any one supplier is unable to supply such items, finding a replacement would take time and could be expensive, resulting in production delays and a negative impact on operations.

b) Dependence on Customers

Saturna has two OEM customers, one of which comprised over 95% of its revenue in the year ended December 31, 2015. Saturna expects to complete shipment on this customer's current order in 2016. In the event that this customer does not order additional product, revenue for 2017 would be reduced significantly. There is no assurance that the Company will be able to obtain new OEM customers, due to competition for its products that might emerge, due to low product volumes resulting in high pricing and due to OEM acceptance of its hardware.

c) New, Untested Business Model

Saturna's main focus is on the provision of its technology to establish electric scooter sharing operations worldwide. This business model has been well received for car sharing operations; however an international scooter sharing operation is, as yet, untested. There is risk that such an operation will not be economically viable or that it will not be accepted by its target market. It is Saturna's business model to contract operators world-wide to deliver scooter sharing services. Saturna may be unable to attract qualified operators.

d) Competition

The transportation sharing market is highly competitive and new competitors are emerging in cities world-wide. The Company's plan to expand its scooter sharing business may be negatively impacted by competition. Saturna also expects that it will face competition with respect to its OEM sales. More established technology companies may compete with Saturna, perhaps by offering a lower pricing and higher credibility for product and support.

e) The Ability to Manage Growth

Should the Company be successful in its efforts to acquire market acceptance of its products and services and contract operators worldwide, it will experience significant growth in operations. If this occurs, management anticipates that additional expansion will be required in order to continue development. Any expansion of the Company's business would place further demands on its management, operational capacity and financial resources. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

f) Geopolitical Risk

Saturna intends to operate its business globally and is therefore subject to certain political risks. In particular, one of Saturna's initial test and launch sites is Beirut, Lebanon, which has suffered from an uncertain political climate for some time. In the event that Saturna's operations are affected by international political events, Saturna may be unable to continue operations, transfer funds or protect assets that may, in future, reside in such locations.

g) Exchange Rate Risk

Saturna reports in Canadian dollars, raises funds primarily in Canadian dollars and has its operations in Canadian dollars. Saturna conducts its OEM business primarily in US dollars. This provides a natural currency hedge for the sale of its SVD400 devices, which are comprised mainly of parts purchased using US dollars. However, long lead items can cause currency risk due to the timing of these purchases, which can cause a reduction in margins if the US dollar falls in relation to the Canadian dollar.

In the future, as Saturna rolls out its scooter sharing operations worldwide, Saturna expects it will receive revenue in multiple currencies. Saturna has no immediate plans to acquire financial instruments to hedge foreign currency fluctuations. As a result, its business will be subject to risk of loss from currency fluctuations.

h) Regulatory Risk

Saturna's scooter sharing business is highly regulated at the local level with respect to vehicle homologation, certification of the SVD400G devices, insurance, licensing and parking. Saturna will be relying on local operators and on support from its scooter manufacturer to ensure that it can operate globally. However, in certain locations, regulation may prove prohibitive to conducting business, reducing Saturna's ability to expand in some markets.

i) Future Operations

Presently, the Company's revenues are not sufficient to meet its operating expenses and the Company has incurred operating losses since its inception, which are likely to continue for the foreseeable future. The Company anticipates that it will have negative cash flows from operations in the near term. There is no assurance that the Company will operate profitably or will generate positive cash flow in the future, or at all. If the Company is unable to generate adequate profitability or cash flow to operate its business, it will be dependent on raising further capital. If the Company is unable to raise growth capital it may be unable to expand its business globally, further develop its technology or continue as a going concern.

j) Dependence on Key Personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. Failure to retain and attract qualified management and key personnel would adversely affect our ability to develop and effectively manage our business.

k) Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the further issuance of securities of the Company and, possibly, incurring debt. Any transaction involving the issuance of Shares, securities convertible into Shares or debt convertible into Shares would result in dilution, possibly substantial, to present and prospective holders of Shares.

l) No Market for Securities

Present and prospective holders of Shares may not be able to sell their shares because there is no market for the Company's shares, or in the event that the Company completes the Transaction, a lack of liquidity might prevent holders from selling their Shares.

m) Share Price

As there is presently no market for the Shares, the determination of Share price is difficult. In the event that the Company lists the Shares on a public stock exchange, market prices for securities can be volatile. Factors such as announcements of financial results, general market conditions and other conditions or events could have a significant effect on the price of the Shares.

Non-IFRS Measures

Saturna uses EBITDA (earnings before interest, taxes, depreciation and amortization), a non-IFRS measure, to determine amounts due under the Royalty Agreement. Securities regulators require that issuers caution readers that measures adjusted to a basis other than IFRS do not have standardized meaning under IFRS and are unlikely to be comparable to similar measures used by other companies. EBITDA is presented solely as a supplemental disclosure in relation to the Royalty Agreement, in which EBITDA is defined as EBITDA after adding back non-recurring development costs.

Change in Accounting Policies

The following accounting policies will be adopted by the Company effective January 1, 2016 and the Company is reviewing them to determine what effect if any they will have on its financial statements:

IAS 1 – Presentation of Financial Statements – In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgement in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements. The Company plans to adopt this standard and believes there will be minimal impact from its adoption.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets **-** In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. It is anticipated that adoption of this accounting standard will have minimal impact on the Company as the Company's production assets are currently amortized over useful life based on the number of units produced.

The following standards will be adopted by the Company effective January 1, 2018:

IFRS 9 – Financial Instruments **-** The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("**IFRS 9**") which is intended to reduce the complexity in the classification and measurement of financial instruments. The impact on the Company is not reasonably estimable as the Company's future use of financial instruments is unknown.

IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("**IFRS 15**") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transaction Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The Company is considering early adoption of this standard prior to the mandatory adoption date to address new revenue streams from the commercialization of its scooter sharing service.

The Company is in the process of assessing the impact that certain of the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

IAS 32, Offsetting Financial Assets and Financial Liabilities – In 2011, the IASB issued amendments to IAS 32 clarifying the meaning of “currently has a legal enforceable right to set-off and the application of the IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. These amendments are required to be adopted for periods beginning November 1, 2014. Although not currently applicable to the business of Saturna, the Company is currently analyzing the impact, if any, that the adoption of this standard will have on its financial statements.

Recoverable Amount Disclosures for Non-Financial Assets - Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The Company is currently analyzing the impact, if any, that the adoption of this standard will have on its financial statements.

Amendments to other standards

In November 2009, the IASB published IFRS 9, “Financial Instruments, “which covers the classification and measurement of financial assets as part of its project to replace IAS 39, “Financial Instruments: Recognition and Measurement.” In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. The effective date is January 1, 2018. Early adoption is permitted and the standard is required to be applied retrospectively. The Company has not commenced review of this standard, but believes that the impact on the Company, if any, is not currently estimable.

SCHEDULE "E"

UNAUDITED PRO FORMA BALANCE SHEET FOR THE RESULTING ISSUER AS AT DECEMBER 31, 2015 TO GIVE EFFECT TO THE ACQUISITION AS IF IT HAD TAKEN PLACE AS OF MAY 29, 2016

Pro Forma Consolidated Balance Sheet
Kenna Resources Corp.
As at May 29, 2016
Unaudited

	Kenna Resources Corp. (Audited)	Saturna Green System Inc. (Audited)	Note	Pro-forma Adjustment	Pro-Forma Consolidated (Unaudited)
ASSETS					
Cash	$ 725,679	$ 20,501	b,f,j	$ 957,520	$ 1,703,700
Investments		2,000			2,000
Accounts receivable	5,640	129,331			134,971
Prepaid expenses	1,952	94,185			96,137
Loan receivable		9,688			9,688
Inventory		208,574			208,574
Total current assets	**733,271**	**464,279**			**2,155,070**
Right to acquire affiliate , note 5 (c)				844,606	844,606
Property, and equipment, note 5 (a)	242,384	138,507		(242,384)	138,507
Net long-term assets	242,384	138,507			983,113
TOTAL ASSETS	**$ 975,655**	**$ 602,786**			**$ 3,138,183**
LIABILITIES					
Accounts payable and accrued liabilities	$ 61,000	$ 246,702			$ 307,702
Accrued compensation		180,252	g	(49,015)	131,237
Bridge loans		110,880	h	(100,000)	10,880
Due to related parties		210,131			210,131
Promissory note, note 5 (b)		276,800			276,800
Convertible debentures		456,857	h	(456,857)	-
Total current liabilities	61,000	1,481,622			936,750
TOTAL LIABILITIES	**$ 61,000**	**1,481,622**			**936,750**
SHAREHOLDERS' EQUITY					
Share capital	$ 1,754,138	$ 2,309,147	m	2,075,040	$ 6,138,325
Preferred shares		60,480	f	(60,480)	-
Obligation to issue common shares		149,025	l	(149,025)	-
Obligation to issue common shares on acquisition of affiliate, note 5 (c)				844,606	844,606
Contributed surplus and other reserves	243,175	347,068	m	(276,486)	313,757
Issuance of convertible debentures		19,582	m,i	(19,582)	-
Deficit	(1,082,658)	(3,764,138)	m	(248,459)	(5,095,255)
TOTAL SHAREHOLDERS' EQUITY	**914,655**	**(878,836)**			**2,201,433**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 975,655**	**$ 602,786**			**$ 3,138,183**

The accompanying notes are an integral part of this consolidated pro-forma balance sheet.

Pro-forma Consolidated Balance Sheet

Kenna Resources Corp.

(Unaudited)

1. BASIS OF PRESENTATION

The unaudited pro-forma balance consolidated sheet has been compiled from and includes:

a) The audited balance sheet of Saturna Green Systems Inc. ("Saturna") as at December 31, 2015; and
b) the audited balance sheet of Kenna Resources Corp. ("Kenna") as at December 31, 2015 have been consolidated and adjusted to give effect to the Transaction as if it had occurred at May 29, 2016.

The unaudited pro-forma consolidated balance sheet should be read in conjunction with the financial statements and notes thereto of Saturna and Kenna described above. The unaudited pro-forma consolidated balance sheet may not reflect the actual consolidated balance sheet of the continuing entity as at May 29, 2016.

The unaudited pro-forma consolidated balance sheet has been compiled using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as set out in the audited financial statements of Saturna for the year ended December 31, 2015. The pro-forma consolidated balance sheet has been accounted for in accordance with IFRS 2, Share Based Payments. The Transaction is considered to be a reverse takeover by Saturna, the accounting acquirer, of Kenna, the accounting acquiree. A reverse takeover transaction involving a non-public operating entity and a non-operating company is considered to be in substance a share based payment transaction and is not a business combination. Any difference in the value of the shares deemed to have been issued by the accounting acquirer and the fair value of the acquiree's net assets should be expensed in the current period as a payment for services as a stock exchange listing.

The pro-forma adjustments and allocations of the purchase price of Saturna by Kenna as a reverse takeover are based in part on estimates of the fair value of the assets acquired and liabilities assumed as of the date of completion of the acquisition.

2. PROPOSED TRANSACTION

Kenna and Saturna have entered into a Share Exchange Agreement (the "Agreement") pursuant to which Kenna will acquire all of the issued and outstanding capital stock of Saturna in consideration for securities of Kenna, which will constitute a reverse takeover of Kenna by Saturna shareholders (the "Transaction"). The Resulting Issuer will change its name to LOOPShare Ltd. The Agreement sets out the terms of the Transaction, including the following:

i) Kenna will consolidate its share capital on a 1.46951 to one basis (the "Consolidation") and will adjust its warrants to reflect the consolidation. Post-consolidation Kenna will have 5,618,616 common shares outstanding and 2,522,931 common share purchase warrants with a strike price of $0.375 per share. Kenna will issue 26,458,298 post-consolidation common shares to acquire 100% of the common shares of Saturna.

ii) Concurrent with the Transaction, Kenna will complete a non-brokered private placement of common shares for gross proceeds of not less than $1,200,000 and up to $2,000,000 at a price of $0.20 (the "Private Placement"). The pro-forma consolidated balance sheet reflects the maximum offering. Finders' fees include an 8% cash commission and agents' warrants representing 8% of common shares issued.

3. ADJUSTMENTS

The pro forma consolidated Balance Sheet sets out the accounts of the Resulting Issuer after giving effect to the Transaction. The following Adjustments correspond with the note references on the pro forma balance sheet and as further set out in these notes.

Pro Forma Statement of Adjustments to Equity
Kenna Resources Corp.
As at May 31, 2016
Unaudited

	Note	Number of Kenna shares	Share Capital	Preferred shares	Reserves	Deficit	Total equity
Beginning balance of Kenna, December 31, 2015, Audited	a	5,618,616	1,754,138	-	243,175	(1,082,658)	914,655
Finder's fees paid by Kenna	i	1,397,074C	279,415			(279,415)	-
Abandonment of Kenna exploration asset, note 5 (a)	5 (a)					(242,384)	(242,384)
Adjusted Balance of Kenna, May 31, 2016		**7,015,690**	**2,033,553**	**-**	**243,175**	**(1,604,457)**	**672,271**
Beginning balance of Saturna, December 31, 2015, Audited		19,981,098	2,309,147	60,480	366,650	(3,764,138)	(1,027,861)
Obligation to issue shares on acquisition of company	5 (c)				844,606		844,606
Saturna debenture converted to common	h	3,400,000	680,000		(19,582)	(103,561)	556,857
Other debt settled for shares	g	245,075	49,015				49,015
Shares issued for services	l	1,065,297	229,025			(80,000)	149,025
Finders fees paid by Saturna	i	1,500,000	300,000			(300,000)	-
Preferred shares redeemed for cash	f			(60,480)			(60,480)
Adjusted Balance Saturna, May 31, 2016		**26,191,469[1]**	**3,567,187**	**-**	**1,191,674**	**(4,297,699)**	**511,162**
Adjustments for Resulting Issuer							
Elimination of Kenna Equity	e	(7,015,690)	(2,033,553))		(243,175)	1,604,457	(672,271)
Cost of issue, payable by Resulting Issuer in cash	j					(150,000)	(150,000)
Saturna warrants exchanged for Kenna warrants	c (i)				(65,696)	65,696	-
Issuance of broker warrants on private placement	c (iii)				32,385	(32,385)	-
Value of Kenna net assets	k					672,271 [2]	672,271
Record listing expense	k	7,015,690	1,403,138			(1,403,138)[2]	-
Shares issued for private placement	b	6,000,000	1,200,000				2,000,000
Costs of issue, private placement	b		(32,000)				(32,000)
Adjustment on Consolidation		6,000,000	537,585	-	(276,486)	514,517	775,616
Pro forma, consolidated Equity, Unaudited	**m**	**39,207,159**	**$6,138,325**	**$ -**	**$1,158,363**	**$ (5,095,255)**	**$ 2,201,433**
Total Pro forma adjustments			**2,075,040**	**(60,480)**	**(296,068)**	**(248,459)**	**1,470,033**

[1] Total of 26,458,298 Kenna shares issued for acquisition of 100% of the outstanding Saturna shares prior to closing the Transaction

[2] See Note 1, Basis of Presentation

a. Kenna Resources Corp. ("Kenna") consolidated its outstanding share capital on the basis of 1.4695:1, from 8,256,922 shares to 5,618,616 shares issued and outstanding.
b. It is assumed that prior to closing it is expected that Kenna will compete a Private Placement in the minimum amount of $1,200,000 through the sale of 6,000,000 common shares at $0.20 per share and pay commissions of $32,000.
c. Upon completion of the Transaction Kenna shall adjust the terms of its outstanding warrants and issue new warrants as set out herein. Warrants are valued using the Black-Scholes Options Pricing Model using a volatility rate of 125.2% and risk-free interest rate of 0.67%.
i. Prior to closing it is expected that 398,250 Saturna warrants will be converted into 1,334,137 Kenna warrants, exercisable at a price of $0.055 per Kenna share for 30 days from the closing date, after which they will expire. The reserve for the initial warrants of $259,189 has been reversed and a new reserve of $193,493 has been recorded. The reduction in reserve is due to their early termination triggered by the Transaction, which qualifies as a liquidity event under the warrant. Accordingly the difference of $65,696 has been credited as a reduction of the listing expense.
ii. Kenna adjusted the term of its 2,647,118 (post-consolidation) common share purchase warrants, exercisable at a price of $0.3675 to expire on May 15, 2017. Under the amended warrant terms, in the event that the market price of the common shares of the Resulting Issuer trades at above $0.50 for 30 consecutive days the expiry date shall be advanced to the date that is 30 days from the last day in the consecutive 30 day period. The fair value of these warrants of $130,380 was eliminated. (see note e)
iii. In connection with the Private Placement, it is projected that 320,000 common share purchase warrants will be granted to brokers. The warrants will be exercisable at the option of the holder at a price of $.37 for a period of two years from the issue date. The fair value of these warrants will be $32,385.

Estimated pro-forma warrants as at May 29, 2016:

Number of Warrants	Price	Expiry
2,627,118	$ 0.3675	May 15, 2017
1,334,137	$0.055	June 30, 2016[1]
320,000	$.37	May 29, 2108[2]

[1]These warrants expire 30 days after the Transaction closing date.
[2]These warrants expire 2 years days after the Transaction closing date.

d. 134,500 Saturna options will be cancelled.
e. Upon closing the Transaction the share capital, reserves, warrants and deficit of Kenna are eliminated.
f. 40,320 preferred shares convertible into common shares of Saturna on a ratio of 1.1 common shares for each preferred share will be redeemed at the option of the holder for cash in the amount of $60,480 upon closing the Transaction.
g. Deferred compensation in the amount of $49,015 will be settled for 245,075 common shares of Kenna upon closing the Transaction.
h. On April 20, 2016 Saturna amended the terms of a loan by issuing a convertible debenture in its place. This loan together with other convertible debentures at December 31, 2015 comprised liabilities of $556,857 and will be converted into shares of Saturna immediately prior to closing the Transaction. Saturna will record a redemption premium of $123,143 on conversion of the loans.
i. Immediately prior to closing the Transaction, Saturna will issue 447,761 common shares to pay finders fees on the Transaction of $300,000 resulting in the issuance of 1,500,000 shares of the Resulting Issuer. Kenna will pay finders' fees of $282,083 on the transaction, payable in shares at a price of $0.20 per common share in addition to broker warrants per item c., projected to be 320,000.
j. Legal and advisory fees connected with the Transaction will be expensed.
k. The difference in the value of the shares deemed to have been issued by the accounting acquirer and the fair value of the Kenna’s net assets is expensed as payment for listing expense. See Note 1 Basis of Presentation.

l. On January 12, 2016 Saturna issued 15,000 common shares at a price of $0.80 per share for payment of services in the amount of $12,000. On February 15, 2016 Saturna issued 202,999 common shares at a price of $0.675 per share as payment of compensation in the amount of $137,025. The foregoing payments for compensation and services were accrued during the year ended December 31, 2015 and recorded as an obligation to issue common shares. Also subsequent to December 31, 2015, on January 12, 2016 Saturna issued 100,000 common shares at a price of $0.80 per common share to a consultant for services.

4. PERFORMANCE SHARES

Immediately prior to closing the Transaction Saturna intends to enter into an agreement with Anwar Sukkarie, a related party and employee, to issue 1,044,776 shares subject to performance criteria being met, which shall include Mr. Sukkarie's continued employment for a period of three years and is subject to the Company completing the Transaction. Upon closing the Transaction the agreement will be amended to reflect Kenna's obligation to issue up to 3,500,000 shares in place of Saturna shares on the same terms. Under IFRS2 the Resulting issuer will record the shares and an expense for stock based compensation at such time that the shares have been earned and at the current market value of the shares issued.

5. **EVENTS SUBSEQUENT TO DECEMBER 31, 2015**

a) Due to a change of business resulting from the Transaction, Kenna will write off its exploration asset as it will no longer pursue development activities and record a write-down of $242,384, which is reflected in the pro-forma consolidated balance sheet.

b) On February 3, 2016 Saturna redeemed its promissory note payable in the amount of $276,800, which is not reflected in the pro-forma consolidated balance sheet as it was not repaid pursuant to this Transaction.

c) On February 3, 2016 Saturna entered into a contractual obligation to issue a variable number of Saturna shares to acquire a 40% interest in an affiliate. Upon completion of the Transaction, Kenna shall assume an obligation to issue 4,223,030 Common Shares of Kenna, which will be fixed, at a price of $0.20 per share to acquire 40% of Loop s.a.l. from Berytech Fund II (Holding) s.a.l. ("BTFII"); **along with an option to acquire a further 59.995% of Loop s.a.l. from a related party of Saturna for cash of USD 1.00**. Issuance of shares shall take place on February 3, 2019 unless acquisition is accelerated at the option of BTFII. Option to acquire 59.995% of Loop s.a.l. shall be exercised at the option of Kenna, provided that BTFII no longer holds shares in Loop s.a.l. The obligation to acquire this entity has been reflected as an adjustment.