Tower One Wireless Corp.
(formerly, Pacific Therapeutics Ltd.)

Suite 605-815 Hornby Street
Vancouver, BC, Canada V6Z 2E6

CSE FORM 2A
LISTING STATEMENT

January 17, 2017

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FORWARD LOOKING STATEMENTS

This Listing 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 PT 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) expectations regarding the Resulting Issuer's ability to raise capital, (B) the intention to grow the business and operations of the Resulting Issuer, (C) the business objectives and milestones of the Resulting Issuer, and (D) the proposed use of available funds by 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 Listing 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 Resulting Issuer to obtain necessary financing; the economy generally; obtaining requisite licenses or governmental approvals to conduct business; the future growth, results of operations, performance and business prospectus and opportunities; changes in and the effect of government policies; competition; anticipated and unanticipated costs; reliance on management; competition; claims and legal proceedings; conflicts of interest; and market price and volatility of the common shares. These forward-looking statements should not be relied upon as representing the Resulting Issuer's views as of any date subsequent to the date of this Listing Statement. Although the Resulting 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 Resulting Issuer. Additional factors are noted under "Risk Factors" in this Listing Statement. The forward-looking statements contained in this Listing Statement are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Listing Statement are made as of the date of this Listing Statement and neither PT nor the Resulting Issuer undertakes an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

MARKET AND INDUSTRY DATA

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. The Resulting Issuer believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Resulting Issuer has not independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying economic assumptions relied upon by such sources.

CONVENTIONS

Certain terms used herein are defined in the "Glossary of Terms". Unless otherwise indicated, references to $ or "dollars' are to Canadian dollars and references to "COP$" are to Colombian Pesos.

GLOSSARY

"**Acquisition**" means the acquisition by PT of all of the issued and outstanding Tower Three securities from the Selling Shareholders pursuant to the Acquisition Agreement;

"**Acquisition Agreement**" means share exchange agreement dated October 19, 2016, as amended, among PT, Tower Three and the Selling Shareholders;

"**Affiliate**" shall have the meaning ascribed to such term in NI 45-106;

"**Associate**" has the meaning ascribed to such term in the *Securities Act* (British Columbia), as amended, including the regulations promulgated thereunder;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended, including the regulations promulgated thereunder;

"**Board**" means the board of directors of the Company and the board of directors of the Resulting Issuer, as applicable.

"**Business Day**" means any day other than a Saturday, Sunday, or a statutory or civic holiday in the City of Vancouver, British Columbia;

"**CEO**" means Chief Executive Officer;

"**CFO**" means Chief Financial Officer;

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

"**Closing Date**" means the date of the Closing, being January 12, 2017;

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

"**Computershare**" means Computershare Investor Services Inc.;

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

"**CSE Listing**" means the listing of the Resulting Issuer Shares on the CSE;

"**Escrow Agent**" means Computershare, in its capacity as escrow agent for the common shares held in escrow under the Escrow Agreement to be entered into prior to Closing;

"**Escrow Agreement**" means the escrow agreement to be entered into between the Escrow Agent, the Resulting Issuer, and the Selling Shareholders, pursuant to which 30,000,000 Resulting Issuer Shares will be held in escrow pursuant to NP 46-201, and in accordance with certain performance milestones described therein;

"**IFRS**" means the International Financial Reporting Standards, as adopted by the Canadian Accounting Standards Board, effective January 1, 2011;

"**Listing Date**" means the date of the CSE Listing;

"**Listing Statement**" means this listing statement;

"**MD&A**" means management's discussion and analysis;

"**NI 45-106**" means National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators;

"**NP 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings* of the Canadian Securities Administrators;

“**Person**” means a company or individual;

“**Placement Units**” means the units sold under the Private Placement at a price of $0.15 per Placement Unit, each Placement Unit consisting of one PT Share and one transferable PT share purchase warrant, with each warrant being exercisable into one PT Share at an exercise price of $0.40 per PT Share for a period of 12 months from the date of issue, subject to an acceleration provision;

“**Private Placement**” means the equity financing by way of a non-brokered private placement of Placement Units, relying on the prospectus exemptions pursuant to NI 45-106 and other applicable laws, rules and regulations, at a price of CAD$0.15 per Placement Unit;

“**Pro-Forma Financial Statements**” means the unaudited pro-forma balance sheet for the Resulting Issuer as at September 30, 2016 to give effect to the Acquisition as if it had taken place as of September 30, 2016 that is attached to this Listing Statement as Schedule “C”;

“**PT**” or the “**Company**” means Tower One Wireless Corp. (as of December 28, 2016, formerly, Pacific Therapeutics Ltd.), a company incorporated under the BCBCA, its common shares listed on the CSE under the stock symbol “TO”;

“**PT Financial Statements**” means the audited financial statements of PT for the financial years ended December 31, 2015 and 2014 and the unaudited financial statements of PT for the nine-month period ended September 30, 2016, which are attached to this Listing Statement as Schedule “A”;

“**PT Shares**” means the class A common shares of PT;

“**Resulting Issuer**” means the Company after giving effect to the Acquisition;

“**Resulting Issuer Shares**” means the common shares of PT after the Acquisition;

“**Selling Shareholders**” means the holders of Tower Three Shares;

“**Tower Three**” means Tower Three SAS, a limited liability company formed under the laws of Colombia;

“**Tower Three Shares**” means the common shares of Tower Three; and

“**Transaction**” means the (i) Acquisition and (ii) Private Placement.

2. Corporate Structure

2.1 – Corporate Name and Head Office and Registered Office

The head office and registered and records office of the Company is located at Suite 605-815 Hornby Street, Vancouver, BC, Canada V6Z 2E6. In connection with the Acquisition, the Company changed its name from "Pacific Therapeutics Ltd." to "Tower One Wireless Corp."

The head office and registered and records office of Tower Three SAS ("**Tower Three**") is located at Carrera 8A #99-22 Unit 903, Bogota, Colombia.

The registered and records office and head office of the Resulting Issuer will be located at Suite 605-815 Hornby Street, Vancouver, BC, Canada V6Z 2E6.

2.2 – Jurisdiction of Incorporation

PT was incorporated on September 12, 2005 under the BCBCA.

Prior to the Closing, PT was an early stage Vancouver-based pharmaceutical company focused on developing an herbal supplement, BP120, which is aimed at the treatment of immune deficiency and hypertension.

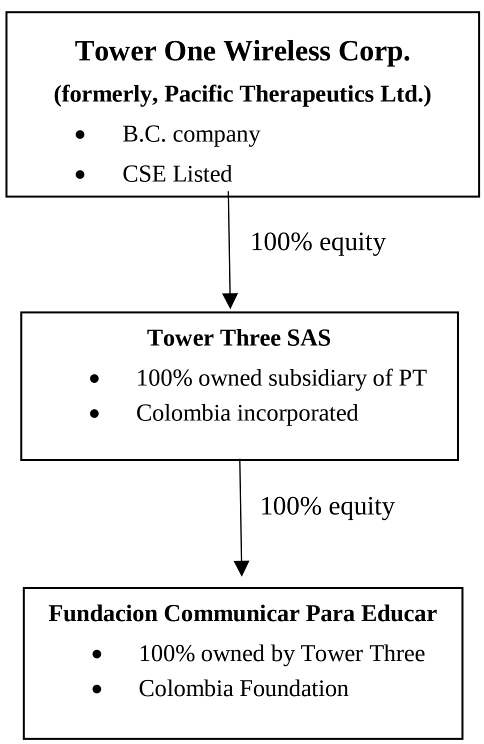
Tower Three, a limited liability company, was formed under the laws of the Republic of Colombia on December 30, 2015.

2.3 – Intercorporate Relationships

As of the Closing, the Company has one wholly-owned subsidiary, Tower Three.

All references herein to the Resulting Issuer, refer to the Resulting Issuer immediately following the Closing and include: its wholly-owned subsidiary, Tower Three, unless indicated otherwise.

The following chart sets forth the corporate structure of the Resulting Issuer following the Closing. See "General Development of Business – The Acquisition" below.



2.4 – Fundamental Change

PT is requalifying for listing on the CSE following the Acquisition, which constitutes a "Fundamental Change" under Policy 8 of the CSE. Following the Closing, Tower Three, is a wholly-owned subsidiary of the Resulting Issuer, which will conduct the principal business of the Resulting Issuer (see above, "Intercorporate Relationships" and "General Development of Business – The Acquisition" below for details regarding the relationship between the Resulting Issuer and Tower Three post-Closing).

2.5 – Non-corporate Issuers and Issuers incorporated outside of Canada

This section is not applicable.

3. General Development of the Business

3.1 General Development of the Business

PT

Before the Closing Date, the Company was a development stage specialty pharmaceutical company. The Company's common shares listed on the CSE on November 16, 2011. The Company was focused on developing late stage clinical therapies and in-licensed novel compounds for Fibrosis, erectile dysfunction (ED) and other indications. On July 24, 2015 the Company entered into a purchase and sale agreement (the "**Forge Agreement**") with Forge Therapeutics Inc. ("**Forge**") of Wyoming, pursuant to which the Company agreed to sell certain of its technology assets (related to fibrosis and erectile dysfunction) to Forge in return for 15,000,000 common shares of Forge. The Company also entered into a 50-50 joint-venture with Truevita Supplements in March 2016 to develop an early stage immune boosting herbal supplement, known as BP120. This herbal supplement is aimed at the treatment of immune deficiency and hypertension.

The Company entered into an arrangement agreement with a wholly-owned subsidiary, Cabbay Holdings Corp. ("**Cabbay**"), dated April 18, 2016 and amended on April 21, 2016 (the "**Arrangement Agreement**") in order to effect a plan of arrangement (the "**Arrangement**") under the BCBCA.

The Arrangement Agreement and the Arrangement were approved by the Company's shareholders on May 20, 2016 and approved by the British Columbia Supreme Court on May 31, 2016. The Arrangement was completed on October 3, 2016 and, upon closing, Cabbay issued 1,379,887 common shares to the Company's shareholders on a pro-rata basis pursuant to the Arrangement Agreement.

The Arrangement effectively resulted in the spin out of Cabbay to the Company's shareholders which was carried out in reliance on the prospectus exemptions set forth in section 2.11 of NI 45-106. Pursuant to the Arrangement, the Company transferred the Forge Agreement to Cabbay. The Company also assigned $435,360 of its debt to Cabbay.

Tower Three

Tower Three is a privately held limited liability company formed under the laws of Colombia. Tower Three was founded in 2015 with a mission to own and operate high quality cellular network infrastructure sites in Latin and South American markets that are experiencing strong usage growth.

Tower Three focuses primarily on building towers in municipalities where there is limited or no cellular coverage. This enhances the probability of multiple carriers sharing the tower and minimizes competitive risk. Tower Three is currently focused on 4G LTE infrastructure expansion in Colombia and will look to open other territories to enhance coverage.

Coupled with the Tower Three's general business offerings is its participation in the "Fundacion Communicar Para Educar" ("**FCPE**") program. FCPE is a non-profit initiative established with the goal of creating and distributing educational devices for the developing world. In addition, every Tower Three tower will offer the local community free WiFi and help to create community websites so as to enhance community well-being and integration. Integral to

Tower Three's business penetration strategy is its planned role as being a leading corporate citizen helping local markets.

Tower Three spent much of the past 12 months putting in place a "development framework and systems and basic technical foundation" for the planned tower expansion.

Tower Three has established a business relationship with "Tigo", a Millicom company that is publicly traded and has assets in many countries where Tower Three intends to operate. The tower search and installation process began in the second quarter of 2016, and as of the date of this Listing Statement, Tower Three has built six (6) towers. Further, Tower Three has entered into six (6) rental contracts with Tigo (its arm's length customer), which has agreed to rent a portion of six (6) towers for a period of 13 years. The rental contracts are non-exclusive, therefore Tower Three can enter into additional rental agreements for each tower so that multiple service providers can rent space on the same tower, thereby increasing the revenue generated per tower. Tower Three began generating cash flow in mid-2016.

The Acquisition

At Closing, the Company acquired from the Selling Shareholders 100% of the Tower Three Shares which are issued and outstanding immediately prior to the Closing, as further described below.

On the Closing Date, the Company completed the Acquisition pursuant to the Acquisition Agreement, whereby the Company acquired 100% of the Tower Three Shares by issuing 30,000,000 PT Shares to the Selling Shareholders on a pro-rata basis.

The 30,000,000 PT Shares issued to acquire Tower Three shall be held by the Escrow Agent under the Escrow Agreement, which contains the following escrow restrictions: (i) restrictions based on certain performance milestones; (ii) time-based release restrictions prescribed by NP 46-201; and (iii) voluntary escrow restrictions. The performance milestones and release schedules are described below:

Shareholder	Number of Escrow Shares Released	Release Milestones (Operations)
Alejandro Ochoa	6,000,000	Upon final CSE approval of the Acquisition
Alejandro Ochoa	6,000,000	20 additional towers constructed within 24 months of the Closing Date
Executive Investment Partners, LLC[1]	6,000,000	Upon final CSE approval of the Acquisition
Executive Investment Partners, LLC	6,000,000	20 additional towers constructed within 24 months of the Closing Date
TOTALS:	**24,000,000**	

(1) a corporation controlled by Fabio A. Vasquez.

Shareholder	Number of Escrow Shares Released	Release Milestones (Financing) $4,000,000 to be raised within 24 months after the Closing Date
Foremost Capital[2]	750,000	Closing of financing for $1,000,000
Foremost Capital	750,000	Closing of financing for a further $1,000,000
Foremost Capital	750,000	Closing of financing for a further $1,000,000
Foremost Capital	750,000	Closing of financing for a further $1,000,000
Yari Nieken	750,000	Closing of financing for $1,000,000
Yari Nieken	750,000	Closing of financing for a further $1,000,000
Yari Nieken	750,000	Closing of financing for a further $1,000,000
Yari Nieken	750,000	Closing of financing for a further $1,000,000
TOTALS:	**6,000,000**	

(2) a corporation controlled by Azim Dhalla.

The proceeds from the Private Placement shall be included in the $4,000,000 to be raised by Foremost Capital and Yari Nieken within 24 months after Closing Date.

Any PT Shares subject to the Release Milestones (Operations) that have not become eligible for release within 24 months after the Closing Date shall be returned to the Resulting Issuer for cancellation.

Any PT Shares subject to the Release Milestones (Financing) that have not become eligible for release within 24 months after the Closing Date shall be returned to the Resulting Issuer for cancellation, unless the Resulting Issuer had not made available to Foremost Capital and Yari Nieken an opportunity to provide financing within 24 months after the Closing Date, Foremost Capital and Yari Nieken shall have a further 12 months to satisfy the Release Milestones (Financing) before any remaining PT Shares held in escrow must be returned to the Resulting Issuer for cancellation.

Any of the 30,000,000 PT Shares issued to acquire Tower that are subject to the foregoing performance milestone restrictions that are released upon the satisfaction of applicable release milestones shall continue to be held in escrow and will be subject to a 36 month release schedule in accordance with NP 46-201 as set forth below:

Release Dates	Percentage of Total Escrow Securities to be Released
Upon Final CSE approval of the Acquisition	10% of escrow securities
6 Months after listing	15% of the remaining escrow securities
12 Months after listing	15% of the remaining escrow securities
18 Months after listing	15% of the remaining escrow securities
24 Months after listing	15% of the remaining escrow securities
30 Months after listing	15% of the remaining escrow securities
36 Months after listing	15% of the remaining escrow securities

The Selling Shareholders have voluntarily agreed that all of the escrow securities that are released in accordance with both the performance milestones and time-based release restrictions described above, shall continue to be held by the Escrow Agent and shall not be released from escrow until the earlier of the:

(a) third anniversary of the Listing Date; or

(b) unanimous agreement of the Selling Shareholders, or their successors or transferees, to release all or any portion of the escrowed securities held by the Escrow Agent.

The Private Placement

Concurrent with the Closing, the Company completed the Private Placement relying on the prospectus exemptions pursuant to NI 45-106 and other applicable laws, for gross proceeds of $2,322,737, consisting of Placement Units at a price of $0.15 per Placement Unit. Each Placement Unit consists of one Resulting Issuer Share and one transferable Resulting Issuer common share purchase warrant, with each whole warrant entitling the holder to purchase, for a period of 12 months from the date of issue, one additional Resulting Issuer common share at an exercise price of $0.40 per share. The warrants issued under the Private Placement have an acceleration clause whereby if the closing price of the Resulting Issuer Shares is greater than $0.60 for a period of ten (10) consecutive trading days, the Resulting Issuer will have the right to accelerate the expiry of the warrants by giving notice to the holders of the warrants by news release or other form of notice permitted by the certificate representing the warrants that the warrants will expire at 4:30 p.m. (Vancouver time) on a date that is not less than ten (10) days from the date notice is given.

As compensation for raising proceeds under the Private Placement, eligible finders and brokers received cash commission of 8% of the gross proceeds raised in the Private Placement and compensation warrants (the "**Financing Warrants**") entitling the finder or broker to purchase common shares of the Resulting Issuer up to 8% of the number of Placement Units sold in the Private Placement, exercisable at a price of $0.40 per common share for a period of 12 months from the date of issuance of the Financing Warrants, subject to an acceleration provision.

By a written resolution, more than 50% of the Company's shareholders approved the Acquisition.

The Board of the Resulting Issuer was reconstituted in conjunction with the Closing. The Board of the Resulting Issuer is comprised of four (4) members, being Alejandro Ochoa, Fabio Alexander Vasquez, Robert Horsley, and Brian Gusko. The Resulting Issuer's senior management consists of Alejandro Ochoa (President and CEO), Abbey Abdiye (CFO), and Octavio De La Espriella (COO). See "Directors and Officers".

The Company intends to convene a special meeting of its shareholders for the purpose of increasing the size of the Company's Board to five (5) members and to elect the fifth member to the Board, being the third nominee-director of Tower Three. The Resulting Issuer intends to nominate Miguel Ceballos as the fifth director. Mr. Ceballos is a Colombian lawyer who currently serves as the Dean of the School of Politics and International Relations and Director of the Human Rights and International Humanitarian Law at Sergio Arboleda University. He was founder and CEO of Collocation SAS, an Infrastructure building company for cell phone networks in Colombia from 2011 to 2013.

As of the date of this Listing Statement, the Resulting Issuer has 52,220,797 common shares issued and outstanding. See "Consolidated Capitalization," below. Certain of the Resulting Issuer Shares held by certain of the Selling Shareholders are subject to the terms of the Escrow Agreement, as applicable. See "Escrowed Securities – Resulting Issuer" under the heading "Escrowed Securities."

3.2 – Significant Acquisitions and Dispositions

Other than as described in sections 3.1 and 4.1 in this Listing Statement, no significant acquisitions or significant dispositions have been completed by the Company during the last three financial years or are contemplated.

3.3 – Trends, Commitments, Events or Uncertainties

Other than as described in this section 3.3, there are no trends, commitments, events or uncertainties known to management which could reasonably be expected to have a material effect on the Company's business, the Company's financial condition or results of operations. However, there are significant risks associated with the Company and the Resulting Issuer's business, as applicable, as described in "Part 17 – Risk Factors".

4. Narrative Description of the Business

4.1 General

Upon Closing, Tower Three became a wholly-owned subsidiary of the Resulting Issuer. The primary business of the Resulting Issuer is the business of Tower Three.

Tower Three was founded in 2015 with a mission to own and operate high quality cellular network infrastructure sites in Latin and South American markets that are experiencing strong usage growth. Tower Three currently has six (6) towers with four (4) located in Velledupar, Colombia, one (1) in Soledad, Colombia, and one (1) in Bogota, Colombia.

Tower Three focuses primarily on building towers in municipalities where there is limited or no cellular coverage. This enhances the probability of multiple carriers sharing the tower and minimizes competitive risk. Tower Three is currently focused on 4G LTE infrastructure expansion in Colombia and will look to open other territories to enhance coverage.

FCPE is a non-profit initiative established with the goal of creating and distributing educational devices for the developing world. In addition, every Tower Three tower will offer the local community free WiFi and help to create community websites so as to enhance community well-being and integration. Integral to Tower Three's business penetration strategy is its planned role as being a leading corporate citizen helping local markets.

Tower Three has identified the coverage needs of a variety of Colombia-based cellular operators, and will develop cellular site plans and will build effectively and quickly. Some of the target cities in Colombia that Tower Three management has identified are:

- Cali;
- Cartagena;
- Santa Marta;

- Bucaramanga; and
- Cucuta / Barranquilla.

Tower Three
Cellular Tower

Business Model

Tower Three combines social and community efforts (free Wifi, programs, prizes, etc.) with everything it does in local cities and towns so as to bolster its reputation and corporate involvement. Tower Three has selected, and continues to select only targeted properties and locations so that tenants – who need access to ideal tower locations – have it when they work with Tower Three. In addition, Tower Three works with local and regional government departments to ensure that its locations and properties can be licensed quickly and effectively by carriers and operators or even shared. Tower Three's objective is to build each site within thirty days and have the operator hopefully up and running within sixty days. Tower Three's towers and sites will be home to cellular and wireless, radio and television broadcast, microwave and two-way radio communications equipment.

In short, Tower Three builds towers and the telecommunication companies such as TIGO pay a monthly fee to Tower Three to use the towers by installing antennas on such towers.

Business Objectives and Milestones

Business Objectives

The Resulting Issuer intends to use the proceeds from the Private Placement for tower construction, sales and marketing and general working capital. The funding will enable Tower Three to hire full time employees and consultants immediately and over the next 12 months.

Funds Available

As at September 30, 2016, the Company had current liabilities of $630,887. Since September 30, 2016, PT has: (i) entered into agreements with certain creditors to assign (without recourse to PT) $435,360 of this indebtedness to Cabbay; (ii) written off $142,052 of this indebtedness; and (iii) repaid $13,496 of this indebtedness.

The Resulting Issuer plans to complete the Private Placement through the sale of Resulting Issuer Shares following the filing of this Listing Statement. There cannot be any assurances that the Resulting Issuer will be able to raise such additional capital at all, or on terms that are satisfactory to its management.

As of the date of this Listing Statement, the Resulting Issuer has consolidated working capital of approximately $1,681,527 which includes approximately $2,234,970 from the net proceeds of the Private Placement.

Milestones and Use of Proceeds

The principal milestones that must be met for the Resulting Issuer to accomplish its stated business objectives, described above, are as follows:

Milestone	Target Date	Estimated Cost
Construction of 15 Towers	December, 2017	$800,000

In addition to the above expenditures, the Resulting Issuer estimates that it will also have general and administrative costs (including operating expenses, salaries, audit fees, legal fees, CSE fees, insurance, and transfer agent fees) for the 12 months after Closing of approximately $400,000. It is estimated that the Resulting Issuer will have approximately $481,527 of unallocated working capital.

The Resulting Issuer intends to spend the funds available as stated in this Listing Statement. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of proceeds will be subject to the discretion of management.

The Market [1]

The market that Tower Three is operating in has material opportunities in the short and longer-term. Colombia's mobile carrier and cellular market penetration is relatively high for the region. While market growth has slowed in recent years, it retains significant potential, particularly the mobile 4G LTE broadband market where penetration is still relatively low. But the Latin America marketplace is rapidly emerging.

Despite considerable progress in building out mobile broadband networks over recent years, 10% of the population still has no access to a mobile broadband network in Latin America. This means 64 million people across the region are digitally excluded.

For mobile operators, the market-led business model has so far proven effective in expanding coverage to current levels. However, moving further into remote areas (where the majority of the unconnected live) through traditional network deployment is a much greater challenge, owing to the sparsely populated unconnected areas, the difficult economic situation in many countries, the high cost of investment with limited potential for return, and a challenging market environment that often makes coverage expansion uneconomical. As a result, mobile operators are increasingly adopting alternative methods, notably infrastructure sharing and partnerships with other ecosystem players, to complement traditional network deployments.

Governments in the region want to make access to and use of mobile broadband universal, a goal shared by mobile operators. This requires a multi-dimensional approach and collaboration between governments and the mobile industry, with the former supporting industry-led initiatives with policies and programmes that create the right incentives and an enabling environment for extending connectivity to underserved areas. In many cases, mobile operators' efforts to improve coverage are hampered by inefficient and arduous regulation from governments and policymakers, including onerous coverage obligations, strict quality-of-service ("QoS") expectations, and restrictive

[1] Market information is sourced from the Tower Exchange (http://www.towerxchange.com/wp-content/uploads/2016/02/TX_MeetupCALAProspectus_2016.pdf) and from American Towers, Inc.'s prospectus (https://www.sec.gov/Archives/edgar/data/1008944/000092701603002054/d424b3.htm#286cov_2).

planning laws around new infrastructure deployment which, together, make for a tough regulatory environment. To realize the goal of universal access to mobile broadband, governments need to move away from mandatory regulations on coverage and QoS, and allow competition in a free and open market to guide mobile operators' investment decisions. Governments also need to provide incentives to complement mobile operators' efforts; for example, offering financial support (such as subsidies and tax incentives), reducing municipal red tape, creating an enabling environment for infrastructure sharing, making harmonized spectrum available and simplifying access to infrastructure. Government policies should be designed to encourage, rather than curb, investment in mobile broadband infrastructure.

Of these, just over 160 million people, a quarter of the population, subscribed to higher speed mobile broadband services. This means that three-quarters of the population do not currently subscribe to mobile broadband services. The majority of these people, 64% of the total population, have access to a mobile broadband network but do not subscribe to mobile broadband services, primarily due to affordability and/or consumer challenges. There is a segment of the population that is not covered by a mobile broadband network. This group accounts for 10% of the total Latin American population. Despite considerable progress in building out mobile broadband networks over recent years (particularly 3G, but more recently 4G), 10% of the population is still not covered by a mobile broadband (3G or 4G) network. Although less of a pressing concern in Latin America given that the region has the highest mobile broadband coverage and penetration rate of any developing region, this still equates to an unconnected population of 64 million. These are digitally excluded and unable to enjoy the socio-economic benefits that mobile broadband can bring.

Latin America is characterized by densely populated and sprawling cities, but also by vast, sparsely populated areas, mountain ranges, rainforests and islands. Although most people live in urban or suburban areas, it is the small proportion of people living in rural areas (20% of the population) that are most likely to be without access to mobile broadband.

Colombia

With an estimated 48 million people in 2015, Colombia is the third-most populous country in Latin America, after Brazil and Mexico. It is also home to the third-largest number of Spanish speakers in the world after Mexico and the United States. From a government perspective, Colombia is divided into 32 departments and one capital district, which is treated as a department (Bogotá also serves as the capital of the department of Cundinamarca). Departments are subdivided into municipalities, each of which is assigned a municipal seat, and municipalities are in turn subdivided into corregimientos in rural areas and into comunas in urban areas. Each department has a local government with a governor and assembly directly elected to four-year terms, and each municipality is headed by a mayor and council. There is a popularly elected local administrative board in each of the corregimientos or comunas. In addition to the capital four other cities have been designated districts (in effect special municipalities), on the basis of special distinguishing features. These are Barranquilla, Cartagena, Santa Marta and Buenaventura. Some departments have local administrative subdivisions, where towns have a large concentration of population and municipalities are near each other (for example in Antioquia and Cundinamarca). Where departments have a low population (for example Amazonas, Vaupés and Vichada), special administrative divisions are employed, such as "department corregimientos", which are a hybrid of a municipality and a corregimiento. The Resulting Issuer's executive management team has relationships with local and district governments throughout Colombia.

The majority of existing infrastructure in remote areas, including buildings, open spaces such as parks and squares, legacy fixed-line telecoms infrastructure and public utilities, is owned by governments and public institutions.

This infrastructure should be made available for the installation of new sites and the provision of mobile services, significantly boosting coverage in underserved areas by reducing the cost and complexity of network deployment while guaranteeing security for network equipment in remote locations.

For infrastructure deployment and antenna siting, mobile operators and tower companies need to obtain local approvals from municipalities for each antenna or tower site. The absence of a clear national policy can lead to each municipality adopting its own policy and procedures that are sometimes in conflict with the technical requirements of deploying mobile networks.

There are approximately 160,000 towers in Latin America, but the region requires considerably more for optimum coverage (GSMA).

Mobile operators in Latin America face a tough balancing act in allocating capital across multiple divergent needs: investing in network expansion projects to meet coverage obligations, or boosting network capacity in existing service areas to address QoS expectations (most countries in Latin America have more than 3,500 connections per base station, compared to around 1,000 or fewer in the US and other developed markets). This puts an additional burden on mobile operators and inadvertently weakens the business case for investment in coverage expansion.

Tower firms – like Tower Three – have a role to play in creating and sustaining an enabling environment for effective investment in infrastructure deployment for carriers and operators. Tower Three's infrastructure sharing enables mobile operators to deploy networks more efficiently, optimize asset utilisation and reduce running costs compared with standalone deployment by the carrier. It also minimizes duplication of infrastructure, which has come under the spotlight in many countries due to growing environmental and public safety concerns.

There are two broad forms of infrastructure sharing: passive and active. With passive infrastructure sharing, tower firms allow operators to share physical components of a cell site (e.g. installing multiple antennas on a single tower). With active infrastructure sharing, tower firms enable operators to share the radio access network (RAN) or, at a more advanced level, the core network—Tower Three does both.

Market Plans and Strategies

The Resulting Issuer will work directly with strategic partners. As part of this, the Resulting Issuer plans to continue to build joint venture partners and/or securing established "market vertical" partners. The Resulting Issuer's management realizes it needs to continue to expand serious discussions regarding such strategic partnering agreements and additional business agreement(s) during year 2016 so that large carrier long-term contracts, sales and income may begin as soon as possible. The Resulting Issuer intends to leverage its relationship with TIGO and other wireless carriers so as to enable it to deploy 4G LTE networks as quickly and cost-effectively as possible.

Competition

The Resulting Issuer will face competition in the industry in which it operates. Some of the firms have invested large amounts of monies and the biggest among them is American Tower Corp. (NYSE: AMT). AMT is a holding company and it operates as a real estate investment trust which owns, operates and develops multitenant communications real estate that leases space on communications sites to wireless service providers, radio and television broadcast companies, wireless data providers, government agencies and municipalities, and tenants in various other industries. It has 3,500 towers in Colombia and more than 12,000 across Latin America. The Resulting Issuer's management believes there is ample room for its business to serve clients in certain districts of Colombia and Latin America where local issues and situations make Tower Three's locations more suitable than AMT and others.

Lending and Investment Policies and Restrictions

This is not applicable to PT or Tower Three.

Bankruptcy and Receivership

Neither PT nor Tower Three has been the subject of any bankruptcy or any receivership or similar proceedings or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by PT, Tower Three or its subsidiaries, since its incorporation.

Social or Environmental Policies

All aspects of Tower Three's field operations are subject to environmental regulations. Any failure to comply could result in fines and penalties. Tower Three has not implemented any social or environmental policies that are fundamental to its current operations.

4.2 – Asset Backed Securities

The Resulting Issuer does not have any asset backed securities.

4.3 – Companies with Mineral Properties

There are no resource properties that are material to the Resulting Issuer.

4.4 – Companies with Oil and Gas Operations

The Resulting Issuer does not have oil and gas operations.

5. Selected Consolidated Financial Information

5.1 – Annual Information

The following table is a summary of selected financial information for PT for the financial years ended December 31, 2015, 2014 and 2013. Refer to Schedule "A" for the complete set of the PT Financial Statements.

Summary Financial Information	**For the Year Ended December 31, 2015 (audited)**	**For the Year Ended December 31, 2014 (audited)**	**For the Year Ended December 31, 2013 (audited)**
Total Revenues (including interest and other revenues)	$ -	$ -	$ -
Loss for the year	179,673	(693,645)	(740,846)
Basic and diluted loss per common share	0.13	(0.56)	(0.90)
Total assets	14,696	67,315	287,044
Total Long-Term Financial Liabilities	-	-	-
Dividends	-	-	-

Annual Information – Tower Three

The following table is a summary of selected financial information for Tower Three for the financial year ended December 31, 2015. Refer to Schedule "B" for the complete set of the Tower Three financial statements.

Summary Financial Information	**For the Year Ended December 31, 2015 (audited) $**
Total Revenues	Nil
Net Income (Loss)	(21,151)
Basic and diluted loss per membership unit	(2.12)
Total assets	4,300
Total Long-Term Financial Liabilities	Nil
Dividends	Nil

5.2 – Quarterly Information

See Schedule "A" – Management's Discussion and Analysis – PT.

See Schedule "B" – Management's Discussion and Analysis – Tower Three.

Summary Pro Forma Financial Information – Resulting Issuer

The following table is a summary of the selected *pro forma* financial information of the Resulting Issuer as at September 30, 2016, which give effect to the Transaction:

Pro-forma Information	September 30, 2016 (unaudited) ($)
Working Capital	1,681,527
Total assets	2,636,859
Total Long-Term Financial Liabilities	-
Stockholders' Equity	1,898,998
Dividends	-

See attached Schedule "C" for the *pro forma* consolidated statement of financial position for the Resulting Issuer as at September 30, 2016, which give effect to the Transaction.

5.3 – Dividends

Dividends can be declared by the Resulting Issuer's Board when deemed appropriate from time to time. As of the date of this Listing Statement, the Resulting Issuer has not declared any dividends on the Resulting Issuer Shares and it is unlikely that earnings will be available for the payment of dividends in the foreseeable future.

5.4 – Foreign GAAP

Not applicable.

6. Management's Discussion and Analysis

PT's annual MD&A for the year ended December 31, 2015 should be read in conjunction with PT's audited financial statements for the year ended December 31, 2015, attached to this Listing Statement at Schedule "A". PT's MD&A for the nine-months ended September 30, 2016 should be read in conjunction with PT's interim financial statements for the nine-months ended September 30, 2016, attached to this Listing Statement at Schedule "A".

Tower Three's annual MD&A for the year ended December 31, 2015 should be read in conjunction with Tower Threes' audited financial statements for the year ended December 31, 2015, attached to this Listing Statement at Schedule "B". Tower Three's MD&A for the nine-months ended September 30, 2016 should be read in conjunction with Tower Three's interim financial statements for the nine-months ended September 30, 2016, attached to this Listing Statement at Schedule "B".

7. Market for Securities

The Resulting Issuer's securities are listed on the CSE under the stock symbol "TO".

In connection with the Closing, the Resulting Issuer changed its name from "Pacific Therapeutics Ltd." to "Tower One Wireless Corp.".

8. Consolidated Capitalization

The following table sets out the capitalization of the Company as at December 31, 2015, and the expected consolidated share capital of the Resulting Issuer following Closing:

Capital	Amount Authorized	Outstanding as of December 31, 2015	Outstanding as of the date of this Listing Statement (Post-Transaction)
Common Shares	Unlimited	1,365,887(6)	52,220,797(1)(2)(3)
Warrants	N/A	458,333	16,070,029(4)(5)
Stock Options	10% stock option plan	13,333	Nil

(1) 15,484,912 common shares issuable pursuant to the Private Placement, for gross proceeds of $2,322,737.
(2) 30,000,000 common shares issuable pursuant to the Acquisition.

(3) The Company had 6,735,885 common shares issued and outstanding prior to giving effect to the Transaction.
(4) 15,484,912 common share purchase warrants in connection with the Private Placement with each whole warrant exercisable into one Resulting Issuer Share at an exercise price of $0.40 per share for a period of 12 months, subject to acceleration.
(5) 585,117 Financing Warrants.
(6) The Company completed a 30:1 share consolidation effective as of March 11, 2016. The figure is adjusted for the share consolidation.

9. Option to Purchase Securities

As of the date of this Listing Statement there are no stock options of the Resulting Issuer outstanding.

All previous outstanding options and any future options were and will be granted pursuant to the terms of the stock option plan (the "**Stock Option Plan**") that was ratified, approved and adopted by the shareholders of the Company at the annual and special meeting of the shareholders on May 20, 2016. The purpose of the Stock Option Plan is to enable the Company and its subsidiaries or affiliates to attract and retain directors, officers, employees, consultants and advisors who will contribute to the Company's success by their ability, ingenuity and industry, and to enable such persons to participate in the long-term success and growth of the Company by giving them a proprietary interest in the Company in the form of options to purchase common shares of the Company. The Stock Option Plan provides that the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Stock Option Plan will be 10% of the number of common shares of the Company issued and outstanding at any given time.

The Stock Option Plan will be administered by the Board of the Resulting Issuer, which will have full and final authority with respect to the granting of all options thereunder.

10. Description of the Securities

10.1 – Description of the Company's Securities

The authorized share capital of the Resulting Issuer is an unlimited number of Class A common shares without par value.

The holders of the common shares are entitled to vote at all meetings of shareholders of the Resulting Issuer, to receive dividends, if, as and when declared by the directors and, subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Resulting Issuer. The common shares are not subject to any future call or assessments and do not have any pre-emptive rights or redemption rights.

10.2 – 10.6 – Miscellaneous Securities Provisions

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A are applicable to the share structure of the Resulting Issuer.

10.7 – Prior Sales of Common Shares

The following PT Shares were issued within the last 12 months prior to the date of this Listing Statement:

Date	Type of Security	Number	Issue Price Per Security
February 15, 2016	Common Shares	4,000(1)	$1.20
March 4, 2016	Common Shares	10,000(2)	$0.45
March 30, 2016	Common Shares	4,855,998(3)	$0.06
September 21, 2016	Common Shares	500,000(4)	$0.24
January 9, 2017	Common Shares	15,484,912(5)	$0.15

(1) PT issued 4,000 common shares pursuant to warrants exercised at $1.20 per share for gross proceeds of $4,800.
(2) PT issued 10,000 common shares at a price of $0.45 per share pursuant to an agreement with an unrelated third-party which was not pursued.

(3) PT issued 4,089,332 common shares pursuant to a private placement of common shares at a price of $0.06 per common for gross proceeds of $245,360. PT also issued a total of 766,666 common shares pursuant to a debt-settlement at a deemed price of $0.06 per share.

(4) PT issued 500,000 common shares pursuant to stock options exercised at $0.24 for gross proceeds of $120,000.

(5) PT issued 15,484,912 common shares and 15,484,912 share purchase warrants pursuant to the Private Placement for gross proceeds of $2,322,737.

10. 8 – Stock Exchange Price

The Resulting Issuer Shares are listed on the CSE as of the date of this Listing Statement under the symbol "TO". The following table sets out the high and low trading price and volume of trading of PT Shares on the CSE during the periods indicated.

Period	High ($)	Low ($)	Volume
January 2017[1]	-	-	-
December 2016[1]	-	-	-
November 2016[1]	-	-	-
October 2016[1]	$0.45	$0.32	357,615
September 2016	$0.355	$0.165	2,883,628
August 2016	$0.34	$0.105	38,148
July 2016	$0.17	$0.10	16,833
Q2 2016	$0.19	$0.10	89,954
Q1 2016	$0.45	$0.10	1,224,133
Q4 2015	$0.30	$0.15	20.910
Q3 2015	$0.45	$0.15	41.110
Q2 2015	$1.20	$0.15	214,356
Q1 2015	$1.20	$0.45	63,665
Q4 2014	$1.65	$0.75	124,134

(1) The PT Shares were halted on October 17, 2016 at the request of PT in connection with the announcement of the Acquisition.

11. Escrowed Securities

Escrowed Securities – Resulting Issuer

The following securities of the Resulting Issuer are subject to escrow pursuant to the Escrow Agreement in accordance with the following escrow restrictions: (i) certain performance milestones; (ii) the time-based escrow release schedule set out in NP 46-201; and (iii) voluntary escrow restrictions (refer to section 3.1 for details of the various escrow restrictions):

Designation of class	Number held in escrow	Percentage of class
Common Shares	30,000,000[1]	57.45%[2]

(1) Issued from PT to the Selling Shareholders in connection with the Acquisition.
(2) Based on 52,220,797 Resulting Issuer Shares issued and outstanding following the completion of the Transaction.

12. Principal Shareholders

As of the date of this Listing Statement the following shareholders own, beneficially and of record, more than 10% of the issued common shares of the Resulting Issuer:

Name	Number of Resulting Issuer Shares Held	Percentage of Resulting Issuer Shares
Alejandro Ochoa	12,000,000	22.98%(1)
Executive Investment Partners, LLC(2)	12,000,000	22.98%(1)

(1) Based on 52,220,797 Resulting Issuer Shares issued and outstanding following the completion of the Transaction.
(2) A corporation controlled by Fabio Alexander Vasquez.

12.1. Voting Trusts

Pursuant to the Escrow Agreement, the Selling Shareholders agreed that Alejandro Ochoa shall be the "Voting Agent" for the escrow securities held by the Selling Shareholders. The Selling Shareholders irrevocably agreed to vote all of the common shares owned by each Selling Shareholder in the Resulting Issuer that shall be held in escrow pursuant to the Escrow Agreement, as directed by the Voting Agent, in the Voting Agent's sole discretion.

12.2. Associates and Affiliates

The Resulting Issuer has no Associates or Affiliates.

13. Directors and Officers

13.1 – 13.3 Directors and Officers

Directors and Officers

The name, municipality of residence, position or office held with the Resulting Issuer and principal occupation of each proposed director and executive officer of the Resulting Issuer, as well as the number of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, excluding common shares issued on the exercise of convertible securities, are as follows:

Name, place of the residence and position with Resulting Issuer	Principal occupation during the last five years	Date of appointment as director or officer	Resulting Issuer Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed upon Closing
Alejandro Ochoa(1) Miami, Florida, USA President, CEO & Director	Founder and CEO of Tower Three SAS; and consultant to Mackie Research Capital Corporation's investment banking practice with a Latin American focus.	Closing Date	12,000,000 22.98%
Abbey Abdiye Burnaby, BC, Canada CFO	Chartered Professional Accountant (CPA) and Certified Management Accountant (CMA);	March 30, 2016	Nil

	CFO of Biomark Diagnostics Inc.; and CFO of Pacific Therapeutics Ltd.		
Fabio Alexander Vasquez(1) Miami Lakes, Florida, USA Director	Co-founder of Tower Three, and has been engaged in the Florida aviation business for over 25 years.	Closing Date	12,000,000(3) 22.98%
Robert Horsley Vancouver, BC, Canada Director	Director of Evolving Gold Corp.; Partner of Howe and Bay Financial Corp.; CEO and director of Pacific Therapeutics Ltd.	February 1, 2016	676,000(4) 1.29%
Brian Gusko(1) Vancouver, BC, Canada Director	Director of Lomiko Metals Corp.; Director of Cloud Nine Education Group; Partner of Howe and Bay Financial Corp.; and Director of Pacific Therapeutics Ltd.	August 25, 2015	421,299(4) 0.8%
Octavio De La Espriella Bogota, Colombia Chief Operating Officer	Chief Operating Officer of Tower Three SAS; former Chief Operating Officer of Continental Towers Company.	Closing Date	Nil

(1) Proposed Member of the Audit Committee.
(2) Based on 52,220,797 Resulting Issuer Shares issued and outstanding following the completion of the Transaction.
(3) Held indirectly through Executive Investment Partners, LLC.
(4) Howe and Bay Financial Corp., of which Mr. Gusko and Mr. Horsley are partners (but not controlling partners) owns and controls 2,128,666 common shares.

13.4 – Board Committees of the Company

The Resulting Issuer currently has the following committee:

Audit Committee

The overall purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to: the financial reporting process and the quality, transparency and integrity of the financial statements and other related public disclosures; internal controls over financial reporting; compliance with legal and regulatory requirements relevant to the financial statements and financial reporting; ensuring that there is an appropriate standard of corporate conduct for senior financial personnel and employees including, if necessary, adopting a corporate code of ethics; the external auditors' qualifications and independence; and the performance of the internal audit function and the external auditor. The audit committee consists of Alejandro Ochoa, Brian Gusko, and Fabio Vasquez. The Resulting Issuer has financial procedures, systems and internal controls in place that include, among other things, revenue, receivables, receipts, purchases, payables, payments, inventory and processing. For example, the Board must approve capital asset expenditures over USD$20,000. Furthermore, the auditor will have full access of the documentation to verify and test the processes, procedures and controls.

13.5 – Principal Occupation of Directors and Officers

See table 13.1 – 13.3 above.

13.6 – Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed herein, no proposed director or officer of the Resulting Issuer or a shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, 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;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

13.7 - 13.8 - Penalties Sanctions and Settlements

Other than as disclosed herein, no proposed director or executive officer of the Resulting Issuer, or a shareholder holding a sufficient number of the Resulting Issuer's securities to affect materially the control of the Resulting Issuer, has been subject to:

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

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.9 – Personal Bankruptcies

Except as disclosed herein, no proposed director or executive officer of the Resulting Issuer or a shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer , or a personal holding company of any such persons has, within the 10 years before the date of the Listing 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 the director or officer.

13.10 – Conflicts of Interest

Conflicts of interest may arise as a result of the proposed directors and officers of the Resulting Issuer also holding positions as directors and/or officers of other companies and situations may arise where the directors and officers will be in direct competition with the Resulting Issuer.

13.11 – Directors and Officers

The following sets out details respecting the directors and executive officers of the Resulting Issuer:

Alejandro Ochoa – President & CEO and Director (Age: 36)

Mr. Ochoa has over 18 years of experience working within the financial services industry. He has worked with such firms as Morgan Stanley, Prudential Securities and Raymond James. Mr. Ochoa currently serves as consultant to Mackie Research Capital Corporation's Investment Banking Practice with a Latin America focus. Mr. Ochoa is fluent in Spanish and has an understanding of the South American capital markets.

Dedicated to Latin America, his areas of expertise include mining and energy transactions in advisory, capital raisings and strategic assets sales with Latin American transactions in Colombia, Mexica, and Peru.

He has also covered telecom infrastructure companies from the United States, Argentina, and Colombia. Mr. Ochoa has a Bachelors in Science with a focus in Finance from Florida International University. Mr. Ochoa is a citizen of Colombia who decades of experience working in Colombia.

Mr. Ochoa has not entered into a non-competition or confidentiality agreement with the Resulting Issuer. It is expected that he will devote approximately 95% of his time to the business of the Resulting Issuer to effectively fulfill his duties as president, CEO, and director. Mr. Ochoa is an independent contractor of the Resulting Issuer.

Abbey Abdiye, CFO (Age: 42)

Mr. Abdiye has extensive experience in the financial sector in both public and private companies. He is a Chartered Professional Accountant (CPA), current CFO of Biomark Diagnostics Inc. a reporting issuer, where he was responsible for all financial, fiscal management, regulatory compliance matters and reporting aspects of company operations. He also provided strategic guidance and direction in capital structuring and engaged in innovative financing program that leveraged sales and development.

At Pacific Therapeutics as CFO, Mr. Abdiye provides leadership and coordination in the administrative, business planning, reporting, and budgeting efforts of the company. He oversees the company’s financial reporting, internal controls, corporate governance management systems, annual audit and regulatory compliance matters. He obtained Bachelor of Business Administration degree from Simon Fraser University and a Co-op Education certificate.

Mr. Abdiye has not entered into a non-competition or confidentiality agreement with the Resulting Issuer. It is expected that he will devote approximately 20% of his time to the business of the Resulting Issuer to effectively fulfill his duties as CFO. Mr. Abdiye is an independent contractor of the Resulting Issuer.

Fabio Alexander Vasquez, Director (Age: 50)

Mr. Vasquez, a co-founder of Tower Three, has been engaged in the Florida aviation business for over 25 years. He has been instrumental in the development and expansion of Miami Executive Aviation, a successful luxury charter aviation business which services Latin American clients. Mr. Vasquez is a citizen of Colombia who decades of experience working in Colombia.

Mr. Vasqeuz has not entered into a non-competition or confidentiality agreement with the Resulting Issuer. It is expected that he will devote approximately 10% of his time to the business of the Resulting Issuer to effectively fulfill his duties as a director. Mr. Vasquez is an independent contractor of the Resulting Issuer.

Robert Horsley, Director (Age: 35)

Mr. Robert Horsley has over 10 years of public markets experience focused in finance, investor relations, marketing management and merger & acquisitions. Mr. Horsley has served as a director and a consultant to several public and private companies and has worked in a variety of industries including: consumer goods, energy, nutraceuticals & pharmaceuticals, and technology.

Mr. Horsley has not entered into a non-competition or confidentiality agreement with the Resulting Issuer. It is expected that he will devote approximately 20% of his time to the business of the Resulting Issuer to effectively fulfill his duties as Director. Mr. Horsley is an independent contractor of the Resulting Issuer.

Brian Gusko, Director (Age: 50)

Mr. Gusko has significant international telecommunication business experience at the highest level. His international experience includes working in Corporate Planning with a Mitsubishi group company in Tokyo, Product Management at a Vodafone spin-off in the Netherlands, and being Managing Director of Palm’s South African wireless affiliate; he helped launched wireless data services in Africa for Palm’s new smart phones. He also was a research associate with the U.S. Department of Commerce at an embassy posting, researching telecom and technology companies. Mr.

Gusko held management positions at Telus Advanced Communications, and Telus Planet Internet in Alberta Canada where his portfolio was responsible for the majority of TELUS web hosting and internet traffic, respectively.

He is a former resident of Mexico, while he was CFO of UC Resources Ltd. (UC:TSXV), in charge of the finance function in Canada and its wholly-owned Mexican subsidiary, which was commissioning a mill and looking to production of silver and gold.

Mr. Gusko has not entered into a non-competition or confidentiality agreement with the Resulting Issuer. It is expected that he will devote approximately 20% of his time to the business of the Resulting Issuer to effectively fulfill his duties as Director. Mr. Gusko is an independent contractor of the Resulting Issuer.

Octavio De La Espriella, Chief Operating Officer (Age: 50)

Mr. De La Espriella is the Chief Operating Officer of Tower Three. He was formerly the Chief Operating Officer of Continental Towers Company where he helped expand the portfolio to over 200 towers in a two-year period. His role today is the interface of Tower Three with the four principal carriers/operators within Colombia (i.e., Claro, Tigo, Avantel, and Movistar). He has a Bachelor of Science degree in Finance from Colegio de Estudios Superiores de Administración CESA.

Mr. De La Espriella has not entered into a non-competition or confidentiality agreement with the Resulting Issuer. It is expected that he will devote approximately 100% of his time to the business of the Resulting Issuer to effectively fulfill his duties as chief operating officer. Mr. De La Espriella is an independent contractor of the Resulting Issuer.

14. Capitalization

14.1 – Capitalization

Issued Capital (common shares)

Public Float	**Number of Securities (non-diluted)**	**Number of Securities (fully-diluted)**	**%of Issued (non-diluted)**	**% of Issued (fully diluted)**
Total outstanding (A)	52,220,797	68,290,826	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	31,097,299	31,357,299	Approximately 60%	Approximately 46%
Total Public Float (A-B)	21,123,498	36,933,527	Approximately 40.5%	Approximately 54%

Freely-Tradeable Float

Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	45,484,912	61,554,941	Approximately 87%	Approximately 90%
Total Tradeable Float (A-C)	6,735,885	6,735,885	Approximately 13%	Approximately 10%

Public Securityholders (Registered)

Class of Security
(common shares)

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	57	1,733
100 – 499 securities	3	816
500 – 999 securities	4	2,460
1,000 – 1,999 securities	2	2,000
2,000 – 2,999 securities	5	11,472
3,000 – 3,999 securities	4	13,407
4,000 – 4,999 securities	3	12,332
5,000 or more securities	88	52,176,577
Total	**162**	**52,220,797**

Non-Public Securityholders (Beneficial)

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	13	347
100 – 499 securities	10	2,535
500 – 999 securities	14	9,183
1,000 – 1,999 securities	8	36,646
2,000 – 2,999 securities	16	8,929
3,000 – 3,999 securities	11	36,646
3,999 – 4,999 securities	1	4,833
5,000 or more securities	20	232,685
Total	**93**	**326,969**

14.2 – Convertible/Exchangeable Securities

The following table sets out information regarding and securities convertible or exchangeable into Resulting Shares:

Description of Security	Number of Convertible / Exchangeable Securities Outstanding	Number of Listed Securities Issuable Upon Conversion / Exercise
Stock Options	Nil	Nil
Warrants(1)(2)	16,070,029	16,070,029

(1) 15,484,912 common share purchase warrants in connection with the Private Placement with each whole warrant exercisable into one Resulting Issuer Share at an exercise price of $0.40 per share for a period of 12 months, subject to acceleration.

(2) 585,117 Financing Warrants.

14.3 – Other Listed Securities

The Company has no other listed securities reserved for issuance.

15. Executive Compensation

15.1 – Compensation of Executive Officers and Directors

PT

PT's Statement of Executive Compensation for the most recent financial year (December 31, 2015), is attached hereto as Schedule "D".

Resulting Issuer

Compensation Discussion and Analysis

The objectives, criteria and analysis of the compensation of the executive officers of the Resulting Issuer will be determined by the Board of the Resulting Issuer. See PT's "Statement of Executive Compensation" attached as Schedule "D" to this Listing Statement.

The NEOs of the Resulting Issuer are Alejandro Ochoa, the CEO of the Resulting Issuer, and Abbey Abdiye, the CFO of the Resulting Issuer.

It is expected that the Resulting Issuer will enter into an employment agreement with Alejandro Ochoa (chief executive officer). Mr. Ochoa is expected to receive a base salary of US$10,000 per month.

It is expected that the Resulting Issuer will enter into a consulting agreement with Abbey Abdiye (chief financial officer). Mr. Abdiye is expected to receive an annual base salary of approximately $30,000.

Option Based Awards

The Resulting Issuer Stock Option Plan will remain the current Stock Option Plan of the Resulting Issuer. See PT's "Statement of Executive Compensation" attached as Schedule "D" to this Listing Statement for information regarding the Resulting Issuer Stock Option Plan.

To briefly summarize, under the Resulting Issuer Stock Option Plan, the Options are non-assignable and may be granted for a term not exceeding 5 years from the date of grant. Options may be granted under the Resulting Issuer Stock Option Plan to directors, executive officers, employees, consultants and management Company employees.

The Resulting Issuer Stock Option Plan reserves a "rolling" maximum of 10% of the issued and outstanding Resulting Issuer Shares (determined at the time of the stock option grant) for issuance upon the exercise of stock options granted pursuant to the Resulting Issuer Stock Option Plan.

Pension Plan Benefits

The Resulting Issuer does not plan to have a pension plan, defined benefit plan, defined contribution plan or deferred compensation plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

Termination of Employment, Change in Responsibilities and Employment Contracts

There are no written employment contracts between the Resulting Issuer and its NEOs. There are no compensatory plan(s) or arrangements(s), with respect to the NEOs resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of NEOs' responsibilities following a change of control benefits. In case of termination of NEOs, common law and statutory law applies.

There are no other arrangements from those disclosed above under which directors or officers may be compensated by the Resulting Issuer as of the date of this Listing Statement or contemplated as at the Closing Date.

DIRECTORS COMPENSATION

Summary Compensation for Directors

The Resulting Issuer may decide to grant option-based awards to its directors during the 12 month period following the Transaction. Details of such grants will be announced by the Resulting Issuer in the event such a determination is made.

The Resulting Issuer expects to compensate directors primarily through the grant of Stock Options and reimbursement of expenses incurred by such persons acting as directors of the Resulting Issuer.

Pension Plan Benefits for Directors

The Resulting Issuer does not plan to have a pension plan, defined benefit plan, defined contribution plan or deferred compensation plan that provides for payments or benefits to the directors, other than NEOs, at, following, or in connection with retirement.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer of PT or Tower Three, nor any director or officer of the Resulting Issuer, is or has been indebted to PT or Tower Three at any time.

INVESTOR RELATIONS ARRANGEMENTS

Other than a capital markets advisory, corporate communications and book keeping services contract (the "**Consulting Agreement**") with Howe & Bay Financial Corp., no written or oral agreement or understanding has been reached with any person to provide promotional or investor relations services for the Resulting Issuer.

OPTIONS TO PURCHASE SECURITIES

Stock Option Plan

No stock options to purchase Resulting Issuer Shares are outstanding.

16. Indebtedness of Directors and Executive Officers

No director or officer of PT or person who acted in such capacity in the last financial year of PT, or director or officer of the Resulting Issuer, or any Associate of any such director or officer is, or has been, at any time since the beginning of the most recently completed financial year of PT, indebted to PT nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by PT.

17. Risk Factors

17.1 – Description of Risk Factors

General

The following are certain factors relating to the business of the Resulting Issuer, which factors investors should carefully consider when making an investment decision concerning the shares of the Resulting Issuer. The Resulting Issuer will face a number of challenges in the development of its business. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not presently known to the Resulting Issuer or which are currently deemed immaterial, may also impair the operations of the Resulting Issuer. If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity and results of operations of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected.

An investment in the Resulting Issuer is speculative. An investment in the Resulting Issuer will be subject to certain material risks and investors should not invest in securities of the Resulting Issuer unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Resulting Issuer. No representation is or can be made as to the future performance of the Resulting Issuer and there can be no assurance that the Resulting Issuer will achieve its objectives. Readers should not rely upon forward-looking statements as a prediction of future results. Readers should carefully consider all such risks, including those set out in the discussion below. No representation is or can be made as to the future performance of the Resulting Issuer and there can be no assurance that the Resulting Issuer will achieve its objectives.

The business depends on the demand for wireless communication services and wireless infrastructure, and it may be adversely affected by any slowdown in such demand. Additionally, a reduction in carrier network investment

may materially and adversely affect the business (including reducing demand for new tenant additions or network services).

Demand for the Resulting Issuer's wireless infrastructure depends on the demand for antenna space from its customers, which, in turn, depends on the demand for wireless communication services by their customers. The willingness of the Resulting Issuer's customers to utilize its wireless infrastructure, or renew or extend existing leases on its wireless infrastructure, is affected by numerous factors, including:

- consumer demand for wireless connectivity;
- availability or capacity of wireless infrastructure or associated land interests;
- location of wireless infrastructure;
- financial condition of customers, including their profitability and availability or cost of capital;
- willingness of customers to maintain or increase their network investment or changes in their capital allocation strategy;
- availability and cost of spectrum for commercial use;
- increased use of network sharing, roaming, joint development, or resale agreements by customers;
- mergers or consolidations among customers;
- changes in, or success of, customers' business models;
- governmental regulations, including local or state restrictions on the proliferation of wireless infrastructure;
- cost of constructing wireless infrastructure;
- technological changes, including those (1) affecting the number or type of wireless infrastructure needed to provide wireless connectivity to a given geographic area or which may otherwise serve as substitute or alternative to wireless infrastructure or (2) resulting in the obsolescence or decommissioning of certain existing wireless networks; or
- the ability to efficiently satisfy customers' service requirements.

A slowdown in demand for wireless connectivity or wireless infrastructure may negatively impact its growth or otherwise have a material adverse effect on the Resulting Issuer. If the Resulting Issuer's customers or potential customers are unable to raise adequate capital to fund their business plans, as a result of disruptions in the financial and credit markets or otherwise, they may reduce their spending, which could adversely affect the Resulting Issuer's anticipated growth or the demand for the Resulting Issuer's wireless infrastructure or network services.

The amount, timing, and mix of the Resulting Issuer's customers' network investment is variable and can be significantly impacted by the various matters described in these risk factors. Changes in carrier network investment typically impact the demand for its wireless infrastructure. As a result, changes in carrier plans such as delays in the implementation of new systems, new technologies (including small cells), or plans to expand coverage or capacity may reduce demand for its wireless infrastructure. Furthermore, the wireless industry could experience a slowdown or slowing growth rates as a result of numerous factors, including a reduction in consumer demand for wireless connectivity or general economic conditions. There can be no assurances that weakness or uncertainty in the economic environment will not adversely impact the wireless industry, which may materially and adversely affect the Resulting Issuer's business, including by reducing demand for its wireless infrastructure or network services. In addition, a slowdown may increase competition for site rental customers or network services. A wireless industry slowdown or a reduction in carrier network investment may materially and adversely affect the Resulting Issuer's business.

New technologies may reduce demand for wireless infrastructure or negatively impact revenues.

Improvements in the efficiency, architecture, and design of wireless networks may reduce the demand for the Resulting Issuer's wireless infrastructure. For example, new technologies that may promote network sharing, joint development, or resale agreements by its customers, such as signal combining technologies or network functions virtualization, may reduce the need for the Resulting Issuer's wireless infrastructure. In addition, other technologies, such as WiFi, DAS, femtocells, other small cells, or satellite (such as low earth orbiting) and mesh transmission systems may, in the future, serve as substitutes for, or alternatives to, leasing that might otherwise be anticipated or expected on wireless infrastructure had such technologies not existed. In addition, new technologies that enhance the range, efficiency, and capacity of wireless equipment could reduce demand for the Resulting Issuer's wireless infrastructure. Any significant reduction in demand for the Resulting Issuer's wireless infrastructure resulting from the new technologies may negatively impact the Resulting Issuer's revenues or otherwise have a material adverse effect on the Resulting Issuer.

The expansion or development of the business, including through acquisitions, increased product offerings or other strategic growth opportunities, may cause disruptions in the Resulting Issuer's business, which may have an adverse effect on the Resulting Issuer's business, operations or financial results.

The Resulting Issuer may seek to expand and develop its business, including through acquisitions, increased product offerings (such as small cells and fiber), or other strategic growth opportunities. In the ordinary course of business, the Resulting Issuer may review, analyze, and evaluate various potential transactions or other activities in which it may engage. Such transactions or activities could cause disruptions in, increase risk or otherwise negatively impact its business. Among other things, such transactions and activities may:

- disrupt the Resulting Issuer's business relationships with its customers, depending on the nature of or counterparty to such transactions and activities;
- direct the time or attention of management away from other business operations;
- fail to achieve revenue or margin targets, operational synergies or other benefits contemplated;
- increase operational risk or volatility in the Resulting Issuer's business; or
- result in current or prospective employees experiencing uncertainty about their future roles with the Resulting Issuer, which might adversely affect the Resulting Issuer's ability to retain or attract key managers or other employees.

If the Resulting Issuer fails to retain rights to its wireless infrastructure, including the land interests under the towers, the Resulting Issuer's business may be adversely affected.

The property interests on which the Resulting Issuer's wireless infrastructure resides, including the land interests under its towers, consist of leasehold interests. A loss of these interests may interfere with the Resulting Issuer's ability to conduct its business or generate revenues. For various reasons, the Resulting Issuer may not always have the ability to access, analyze, or verify all information regarding titles or other issues prior to purchasing wireless infrastructure. Further, the Resulting Issuer may not be able to renew ground leases on commercially viable terms. The Resulting Issuer's ability to retain rights to the land interests on which its towers reside depends on its ability to purchase such land, including fee interests and perpetual easements, or renegotiate or extend the terms of the leases relating to such land. If the Resulting Issuer is unable to retain rights to the property interests on which its wireless infrastructure resides, its business may be adversely affected.

Political, Economic and Other Uncertainties in Colombia

The Resulting Issuer's business operations are currently located in Colombia. Although Colombia has a long-standing tradition of respecting the rule of law, which has been bolstered in recent years by the present government's policies and programs, no assurance can be given that the Resulting Issuer's plans and operations will not be adversely affected by future developments in Colombia. The Resulting Issuer's existing assets and proposed activities in Colombia are subject to political, economic and other uncertainties, including the risk of expropriation, nationalization, renegotiation or nullification of existing contracts, licenses and permits or other agreements, changes in laws or taxation policies, currency exchange restrictions, changing political conditions, and international monetary fluctuations. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important facilities such as communications could have a significant effect on the Resulting Issuer. Any changes in regulations or shifts in political attitudes are beyond the Resulting Issuer's control and may adversely affect its business. The Resulting Issuer's business may be affected in varying degrees by government regulations with respect to restrictions on future expansion, price controls, export controls, foreign exchange controls, earnings repatriation, income and/or business taxes or expropriations.

The Resulting Issuer's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with the Resulting Issuer's operations in Colombia, the Resulting Issuer may be subject to the exclusive jurisdiction of foreign courts or tribunals, or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Corporation may also be hindered or prevented from enforcing its rights with respect to a governmental body because of the doctrine of sovereign immunity. Accordingly, the Resulting Issuer's business activities in Colombia could be substantially affected.

Legal Systems

As a civil law jurisdiction, Colombia has a legal system different from the common law jurisdictions of Canada. There can be no assurance that licenses, permits, applications or other legal arrangements will not be adversely affected by changes in governments, the actions of government authorities or others, or the effectiveness and enforcement of such arrangements.

Permits and Licences

The Resulting Issuer's business activities in Colombia are dependent on receipt of government approvals or permits to develop its business. Any delays in receiving government approvals or permits or no objection certificates may delay the Resulting Issuer's operations or may affect the status of the Resulting Issuer's s contractual arrangements or its ability to meet its contractual obligations.

Repatriation of Earnings

Currently there are no restrictions on the repatriation from Colombia of capital and distribution of earnings from Colombia to foreign entities. However, there can be no assurance that restrictions on repatriation of capital or distributions of earnings from Colombia will not be imposed in the future.

Foreign Currency Fluctuations

The Resulting Issuer's current and proposed business operations in Colombia render it subject to foreign currency fluctuations, which may materially affect its financial position. The Resulting Issuer holds Canadian and U.S. dollars and sends funds to Colombia in U.S. dollars, which are then converted into Colombian pesos. The important exchange rates for the Resulting Issuer are those for the U.S. dollar, Canadian dollar and Colombian peso. While the Resulting Issuer is funding operations in Colombia, its results could be impaired by adverse changes in the U.S. dollar and Canadian dollar relative to the Colombian peso exchange rate. Prior and future equity financings result in the generation of Canadian dollar proceeds to fund the Resulting Issuer's activities, which are mostly incurred in U.S. dollars or Colombian pesos. To the extent funds from such financings are maintained in Canadian dollars, the Resulting Issuer's results can be significantly impacted by adverse changes in exchange rates between the Canadian dollar, the U.S. dollar and the Colombian peso.

Security and Guerrilla Activity in Colombia

Colombia has had a publicized history of security problems associated with certain narcotics crime organizations and other terrorist groups. A 40-year armed conflict between the government forces of Colombia and anti-government insurgent groups and illegal paramilitary groups, both thought to be funded by the drug trade, continues in Colombia. Insurgents continue to attack civilians and violent guerrilla activity continues in many parts of the country.

There have been peace negotiations between the government and the Fuerzas Armadas Revolucionarias de Colombia (**FARC**) guerrillas for many years. A recent settlement has been reached to end the conflict, which is intended to bring further institutional strengthening and development, particularly to rural regions. The government's biggest challenge is to maintain a lasting peace and that demobilised members of the FARC rejoin civilian life, rather than regrouping in criminal bands.

Continuing attempts to reduce or prevent guerrilla activity may disrupt the Resulting Issuer's operations in the future. The Resulting Issuer may not be able to establish or maintain the safety of its operations and personnel in Colombia and this violence may affect its operations in the future. Any increase in kidnapping and/or terrorist activity in Colombia generally may disrupt supply chains and discourage qualified individuals from being involved in the Resulting Issuer's operations. Additionally, the perception that matters have not improved in Colombia may hinder the Resulting Issuer's ability to access capital in a timely or cost effective manner.

Social Disruptions and Instability

The Resulting Issuer's material operations are in Colombia. Companies operating in the industry in these countries have experienced various degrees of interruptions to their operations as a result of social instability. This uncertainty may affect operations in unpredictable ways, including disruptions of access of the operators to the towers. There can be no assurance that the Resulting Issuer will be successful in protecting itself against these risks and the related financial consequences. Further, these risks may not in any part be insurable in the event the Resulting Issuer does suffer damage.

Corruption

The Resulting Issuer's operations are governed by the laws of many jurisdictions, which generally prohibit bribery and other forms of corruption. It is possible that the Resulting Issuer, or some of its subsidiaries, employees or contractors, could be charged with bribery or corruption as a result of the unauthorized actions of its employees or contractors. If the Resulting Issuer is found guilty of such a violation, which could include a failure to take effective steps to prevent or address corruption by its employees or contractors, the Resulting Issuer could be subject to onerous penalties and reputational damage. A mere investigation itself could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). In addition, bribery allegations or bribery or corruption convictions could impair the Resulting Issuer's ability to work with governments or nongovernmental organizations. Such convictions or allegations could result in the formal exclusion of the Resulting Issuer from a country or area, national or international lawsuits, government sanctions or fines, project suspension or delays, reduced market capitalization and increased investor concern.

If the Resulting Issuer fails to comply with laws or regulations which regulate its business and which may change at any time, the Resulting Issuer may be fined or even lose its right to conduct some of its business.

A variety of laws and regulations apply to the Resulting Issuer's business, including the laws of Colombia. Failure to comply with applicable requirements may lead to civil penalties or require the Resulting Issuer to assume indemnification obligations or breach contractual provisions. The Resulting Issuer cannot guarantee that existing or future laws or regulations will not adversely affect its business, increase delays or result in additional costs. These factors may have a material adverse effect on the Resulting Issuer.

The Resulting Issuer's business is subject to government and tax regulations and changes in current or future laws or regulations could restrict its ability to operate its business as it currently does.

The Resulting Issuer's business and that of its tenants are subject to various laws and regulations. In certain jurisdictions, these regulations could be applied or enforced retroactively, which could require that the Resulting Issuer modify or dismantle existing towers. The Colombian Ministry of Communications has a protocol aimed to explain to local authorities and communities the existence of environmental impacts and negative effects on the health of the people. Zoning authorities and community organizations are often opposed to construction of communications sites in their communities, which can delay, prevent or increase the cost of new tower construction, modifications, additions of new antennas to a site or site upgrades, thereby limiting the Resulting Issuer's ability to respond to tenant demands. The regulations about distance of cell towers to schools, hospitals, and residences, depend on local authorities, as in Colombia the Mayors have the power to regulate in an autonomous way the matters related to telecommunication infrastructure. Existing regulatory policies may materially and adversely affect the timing or cost of construction projects associated with the Resulting Issuer's communications sites and new regulations may be adopted that increase delays or result in additional costs to the Resulting Issuer, or that prevent such projects in certain locations, and noncompliance could result in the imposition of fines or an award of damages to private litigants. In certain jurisdictions, there may be changes to zoning regulations or construction laws based on site location, which may result in increased costs to modify certain of the Resulting Issuer's existing towers or decreased revenue due to the removal of certain towers to ensure compliance with such changes. These factors could materially and adversely affect the Resulting Issuer's business, results of operations or financial condition.

If radio frequency emissions from wireless handsets or equipment on wireless infrastructure are demonstrated to cause negative health effects, potential future claims could adversely affect the Resulting Issuer's operations, costs or revenues.

The potential connection between radio frequency emissions and certain negative health effects, including some forms of cancer, has been the subject of substantial study by the scientific community in recent years. The Resulting Issuer cannot guarantee that claims relating to radio frequency emissions will not arise in the future or that the results of such studies will not be adverse to the Resulting Issuer.

Public perception of possible health risks associated with cellular or other wireless connectivity services may slow or diminish the growth of wireless companies, which may in turn slow or diminish the Resulting Issuer's growth. In particular, negative public perception of, and regulations regarding, these perceived health risks may slow or diminish the market acceptance of wireless services. If a connection between radio frequency emissions and possible negative health effects were established, the Resulting Issuer's operations, costs, or revenues may be materially and adversely affected. The Resulting Issuer currently does not maintain any significant insurance with respect to these matters.

The Resulting Issuer may be vulnerable to security breaches that could adversely affect its operations, business, operations, and reputation.

The Resulting Issuer’s wireless infrastructure may be vulnerable to damage, disruptions, or shutdowns due to unauthorized access, computer viruses, cyber-attacks, and other security breaches. An attack attempt or security breach could potentially result in (1) interruption or cessation of certain of the Resulting Issuer’s services to its customers, (2) the Resulting Issuer’s inability to meet expected levels of service, or (3) data transmitted over the Resulting Issuer’s customers' networks being compromised. The Resulting Issuer cannot guarantee that its security measures will not be circumvented, resulting in customer network failures or interruptions that could impact its customers' network availability and have a material adverse effect on its business, financial condition, or operational results. The Resulting Issuer may be required to expend significant resources to protect against or recover from such threats. If an actual or perceived breach of its security occurs, the market perception of the effectiveness of its security measures could be harmed, and the Resulting Issuer could lose customers. Further, the perpetrators of cyber-attacks are not restricted to particular groups or persons. These attacks may be committed by the Resulting Issuer’s employees, contractors or external actors operating in any geography. Any such events could result in legal claims or penalties, disruption in operations, misappropriation of sensitive data, damage to the Resulting Issuer’s reputation, negative market perception, or costly response measures, which could adversely affect its business.

The Resulting Issuer’s foreign operations are subject to economic, political and other risks that could materially and adversely affect its revenues or financial position, including risks associated with fluctuations in foreign currency exchange rates.

The Resulting Issuer’s international business operations, currently in Colombia, and its potential expansion into new markets in the future exposes us to potential adverse financial and operational problems.

Accordingly, the Resulting Issuer’s business is subject to risks associated with doing business internationally, including:

- changes to existing or new tax laws or methodologies impacting the Resulting Issuer’s international operations, fees directed specifically at the ownership and operation of communications sites or international acquisitions, any of which may be applied or enforced retroactively, or failure to obtain an expected tax status for which the Resulting Issuer has applied;
- laws or regulations that tax or otherwise restrict repatriation of earnings or other funds or otherwise limit distributions of capital;
- changes in a specific country’s or region’s political or economic conditions, including inflation or currency devaluation;
- changes to zoning regulations or construction laws, which could be applied retroactively to existing communications sites;
- expropriation or governmental regulation restricting foreign ownership or requiring reversion or divestiture;
- actions restricting or revoking the Resulting Issuer’s customers’ spectrum licenses or suspending or terminating business under prior licenses;
- failure to comply with anti-bribery laws or similar local anti-bribery laws;
- material site security issues;
- significant increase in or implementation of new license surcharges on the Resulting Issuer’s revenue;
- price setting or other similar laws or regulations for the sharing of passive infrastructure; and
- uncertain or inconsistent laws, regulations, rulings or results from legal or judicial systems, which may be enforced retroactively, and delays in the judicial process.

The Resulting Issuer also face risks associated with changes in foreign currency exchange rates, including those arising from the Resulting Issuer’s operations, investments and financing transactions related to its international business. Volatility in foreign currency exchange rates can also affect the Resulting Issuer’s ability to plan, forecast and budget for its international operations and expansion efforts. The Resulting Issuer’s revenues earned from its international operations are primarily denominated in Colombian Peso.

Many of the Resulting Issuer’s tenants are subsidiaries of global telecommunications companies. These subsidiaries may not have the explicit or implied financial support of their parent entities.

If the Resulting Issuer is unable to protect its rights to the land under its towers, it could adversely affect its business and operating results.

The Resulting Issuer's real property interests relating to its towers consist primarily of leasehold and sub-leasehold interests. A loss of these interests at a particular tower site may interfere with the Resulting Issuer's ability to operate tower sites and generate revenues. For various reasons, the Resulting Issuer may not always have the ability to access, analyze and verify all information regarding titles and other issues prior to completing an acquisition of communications sites, which can affect its rights to access and operate a site. From time to time the Resulting Issuer may also experience disputes with landowners regarding the terms of ground agreements for land under towers, which may affect the Resulting Issuer's ability to access and operate tower sites. Further, for various reasons, landowners may not want to renew their ground agreements with the Resulting Issuer, they may lose their rights to the land, or they may transfer their land interests to third parties, including ground lease aggregators, which could affect the Resulting Issuer's ability to renew ground agreements on commercially viable terms. The Resulting Issuer's inability to protect its rights to the land under its towers may have a material adverse effect on its

The Resulting Issuer could have liability under environmental and occupational safety and health laws.

The Resulting Issuer's operations are subject to the requirements of environmental and occupational safety and health laws and regulations, including municipal zoning regulations and height restrictions imposed by the Colombian DAAC-FAN (Colombia's FAA). Many of these laws and regulations contain information reporting and record keeping requirements. The Resulting Issuer may not be at all times in compliance with all environmental requirements. The Resulting Issuer may be subject to potentially significant fines or penalties if it fail to comply with any of these requirements. The requirements of these laws and regulations are complex, change frequently and could become more stringent in the future. In certain jurisdictions these laws and regulations could be applied or enforced retroactively. It is possible that these requirements will change or that liabilities will arise in the future in a manner that could have a material adverse effect on the Resulting Issuer's business, results of operations or financial condition.

The Resulting Issuer towers, data centers or computer systems may be affected by natural disasters and other unforeseen events for which its insurance may not provide adequate coverage.

The Resulting Issuer towers are subject to risks associated with natural disasters, such as ice and wind storms, tornadoes, floods, hurricanes and earthquakes, as well as other unforeseen events, such as acts of terrorism. Any damage or destruction to, or inability to access, its towers or data centers may impact its ability to provide services to its tenants and lead to tenant loss, which could have a material adverse effect on its business, results of operations or financial condition.

As part of the Resulting Issuer's normal business activities, it relies on information technology and other computer resources to carry out important operational, reporting and compliance activities and to maintain its business records. The Resulting Issuer's computer systems could fail on their own accord and are subject to interruption or damage from power outages, computer and telecommunications failures, computer viruses, security breaches (including through cyber attack and data theft), usage errors, catastrophic events such as natural disasters and other events beyond its control. Although the Resulting Issuer has disaster recovery programs and security measures in place, if the Resulting Issuer's computer systems and its backup systems are compromised, degraded, damaged, or breached, or otherwise cease to function properly, it could suffer interruptions in its operations or unintentionally allow misappropriation of proprietary or confidential information (including information about its tenants or landlords), which could damage the Resulting Issuer's reputation and require the Resulting Issuer to incur significant costs to remediate or otherwise resolve these issues.

While the Resulting Issuer maintains insurance coverage for natural disasters, the Resulting Issuer may not have adequate insurance to cover the associated costs of repair or reconstruction for a major future event. Further, the Resulting Issuer may be liable for damage caused by towers that collapse for any number of reasons including structural deficiencies, which could harm the Resulting Issuer's reputation and require it to incur costs for which it may not have adequate insurance coverage.

Corporate Structure

Following the completion of the Acquisition, the Resulting Issuer will have one wholly-owned subsidiary (Tower Three) which was incorporated under the laws of Colombia. While the structure is necessary for the Company's operations in Colombia, as it allows the Resulting Issuer to comply with the laws of Colombia, maintaining positive relationships with local entities and government officials upon whom the Resulting Issuer's operations are substantially reliant, there are risks associated with operating in Colombia.

Risks of foreign operations generally

Currently the Company's operations are conducted in foreign jurisdictions including, but not limited to Colombia. The Resulting Issuer expects that receivables with respect to foreign sales will continue to account for a significant portion of its total accounts and receivables outstanding. As such, the Resulting Issuer's operations may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within the control of the Resulting Issuer including, but not limited to, recessions in foreign economies, expropriation, nationalization and limitation or restriction on repatriation of earnings, longer receivables collection periods and greater difficulty in collecting accounts receivable, changes in consumer tastes and trends, renegotiation or nullification of existing contracts or licenses, regulatory requirements or the personnel administering them, currency fluctuations and devaluations, exchange controls, economic sanctions and royalty and tax increases, risk of terrorist activities, revolution, border disputes, implementation of tariffs and other trade barriers and protectionist practices, taxation policies, including royalty and tax increases and retroactive tax claims, volatility of financial markets and fluctuations in foreign exchange rates, difficulties in the protection of intellectual property, labour disputes and other risks arising out of foreign governmental sovereignty over the areas in which the Resulting Issuer's operations are conducted. The Resulting Issuer's operations may also be adversely affected by social, political and economic instability and by laws and policies of such foreign jurisdictions affecting foreign trade, taxation and investment. If the Resulting Issuer's operations are disrupted and/or the economic integrity of its contracts is threatened for unexpected reasons, its business may be harmed.

In the event of a dispute arising in connection with the Resulting Issuer's operations in a foreign jurisdiction where the Resulting Issuer conducts its business, the Resulting Issuer may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Resulting Issuer may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Resulting Issuer's activities in foreign jurisdictions could be substantially affected by factors beyond the Resulting Issuer's control, any of which could have a material adverse effect on the Resulting Issuer. Some countries in which the Resulting Issuer may operate may be considered politically and economically unstable.

In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions taken. Management of the Resulting Issuer is unable to predict the effect of additional corporate and regulatory formalities which may be adopted in the future including whether any such laws or regulations would materially increase the Resulting Issuer's cost of doing business or affect its operations in any area.

The Resulting Issuer may in the future enter into agreements and conduct activities outside of the jurisdictions where it currently carries on business, which expansion may present challenges and risks that the Resulting Issuer has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Resulting Issuer.

Colombia

The Resulting Issuer's operating subsidiary, Tower Three, is incorporated in Colombia and thus it is subject to the laws of such jurisdiction. A significant portion of the Resulting Issuer's revenues (if revenues are achieved) would be derived from its subsidiary.

The corporate affairs of Tower Three are governed by its by-laws and articles of incorporation pursuant to Colombian law 1258 of 2008, as Simplified Stock Company, using the word –SAS- as a distinctive element of this type of company. The introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in Canada, Colombia, or any of the countries in which the operations are located, could result in an increase in the Resulting Issuer's taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, regulations or rules will not be enacted or that existing tax laws, regulations or rules will not be changed, interpreted or applied in a manner which could result in any of the Resulting Issuer's profits being subject to additional taxation or which could otherwise have a material adverse effect on the Resulting Issuer.

Another risk is the cancellation of the licenses granted by municipal governments for the installation and operation of the tower infrastructure. However, such cancellation can only be done through an administrative regulated procedure in which Tower Three would have the right to oppose. In any case these legal procedures take a long time and while they are pending, the infrastructure can continue to be leased and operated.

Colombian companies and entities are subject to income tax and income tax for equality – CREE – on their worldwide income. In general, joint stock corporations, limited liability companies, and similar, deemed as National, including foreign corporations and other entities of any kind that obtain their income through branches or permanent establishments, are subject to income tax and CREE at a rate of thirty four percent (34%), plus at 5% for CREE's surcharge, when the taxable income been equal or higher than COP $800 million (Colombian Peso). This surcharge will be increased to 6% in 2016, 8% in 2017 and 9% 2018.

The Colombian National Constitution provides that the administration of justice in Colombia is the responsibility of the Constitutional Court, the Supreme Court of Justice, the Council of State, the Superior Council of the Judicature, the Prosecutor General of the Nation, the various courts and judges in the various jurisdictions, and the military criminal system. The jurisdiction in Colombia, according to the Constitution itself, contemplates four jurisdictions, which make up the legal system in Colombia; these are the ordinary jurisdiction, the administrative law jurisdiction, the constitutional jurisdiction and the special jurisdiction. According to data from the World Bank, that a process tried by the ordinary justice may take approximately 1,346 days (3 and a half years, approximately) to be finally resolved.

Limited Operating History

The Resulting Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenue and the risk that it will not achieve its growth objective. There can be no assurance that the Resulting Issuer's operations will be profitable in the future or will generate sufficient cash flow to satisfy its working capital requirements. Even if the Resulting Issuer does achieve profitability, it cannot predict the level of such profitability. If the Resulting Issuer sustains losses over an extended period of time, it may be unable to continue its business.

Regulatory Risks

The activities of the Resulting Issuer will be subject to intense regulation by governmental authorities. Achievement of the Resulting Issuer's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals. The Resulting Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

The business of the Resulting Issuer is subject to rapid regulatory changes. Failure to keep up with such changes may adversely affect the business of the Resulting Issuer. Failure to follow regulatory requirements will have a detrimental impact on the business. Changes in legislation cannot be predicted and could irreparably harm the business.

Lack of Operating History

The Resulting Issuer has history of earnings. The Resulting Issuer is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations. The failure by the Resulting Issuer to meet any of these conditions could have a materially adverse effect on the Resulting Issuer and may force it to reduce, curtail, or discontinue operations.

The Resulting Issuer may not successfully address all of the risks and uncertainties or successfully implement its existing and new products and services. If the Resulting Issuer fails to do so, it could materially harm its business and impair the value of its common shares, resulting in a loss to shareholders. Even if the Resulting Issuer accomplishes these objectives, the Resulting Issuer may not generate the anticipated positive cash flows or profits. The Resulting Issuer has accumulated net losses since inception. No assurance can be given that the Resulting Issuer can or will ever be successful in its operations and operate profitably.

Lack of Demand

A failure in the demand for the Resulting Issuer's products or services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Reliance on Management and Key Personnel

The success of the Resulting Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. The Resulting Issuer attempts to enhance its management and technical expertise by recruiting qualified individuals who possess desired skills and experience in certain targeted areas. The Resulting Issuer's inability to retain employees and attract and retain sufficient additional employees as well as, engineering, and technical support resources could have a material adverse impact on the Resulting Issuer's financial condition and results of operation. Any loss of the services of such individuals could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

Operational control and record keeping are some of the risk areas identified by Canadian securities regulators for issuers with business operations in emerging market jurisdictions such as Colombia. In order to strengthen the internal controls systems and internal controls over financial reporting obligations of the Resulting Issuer, it will institute the following measures: (i) the Resulting Issuer and Tower Three (the operating subsidiary), shall be audited by the Issuer's independent audit firm, Davidson & Company LLP, Chartered Professional Accountants ("**Davidson**"), and (ii) Alejandro Ochoa , the proposed CEO and director of the Resulting Issuer, has many years of business experience in Colombia, and he will be overseeing the deployment of the Resulting Issuer's internal control programs and procedures and will work alongside the Resulting Issuer's CFO; and (iii) at Closing, the board of directors of Tower Three (the operating subsidiary) will consist of Alejandro Ochoa (proposed director of Resulting Issuer), Brian Gusko (director of Resulting Issuer), and Octavio De La Espriella which provides oversight for the Resulting Issuer over the operations of Tower Three. Additionally, Octavio De La Espriella will play a crucial role in the operations of the business of the Resulting Issuer. Further, the Company has adopted a corporate governance guidelines policy which addresses issues such as conflicts of interest and related party transactions.

Alejandro Ochoa and Fabio Vasquez, both directors of the Resulting Issuer are Colombian citizens with considerable business experience in Colombia. Both are fluent in Spanish and English.

All funds received from the Resulting Issuer, including the proceeds from the Private Placement will only be allocated and transferred from time to time to the operating subsidiary in Colombia with the board of directors' approval.

Additional Financing

The Resulting Issuer's future capital requirements depend on many factors, including its ability to market products successfully, cash flows from operations, locating and retaining talent, and competing market developments. Based on the Resulting Issuer's current financial situation, the Resulting Issuer may have difficulty continuing operations at the current level, or at all, if it does not raise additional financing in the near future.

In order to execute the Resulting Issuer's business plan, the Resulting Issuer will require some additional equity and/or debt financing to undertake capital expenditures. There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms which are acceptable. The Resulting Issuer's inability to raise financing to support on-going operations or to fund capital expenditures could limit the Resulting Issuer's operations and may have a material adverse effect upon future profitability. The Resulting Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Resulting Issuer Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital or to pursue business opportunities, including potential acquisitions. If adequate funds are not obtained, the Resulting Issuer may be required to reduce, curtail, or discontinue operations.

Competition

There is potential that the Resulting Issuer will face intense competition from numerous other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than the Resulting Issuer. See "Narrative Description of the Business - Competition" for further details about the competition faced and to be faced by the Resulting Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer. The Resulting Issuer's industry is highly competitive and tenants have numerous alternatives in leasing antenna space. Competitive pricing from competitors could materially and adversely affect the Resulting Issuer's lease rates.

To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Some of the Resulting Issuer's current and potential competitors have significantly greater resources and better competitive positions in certain markets than the Resulting Issuer does. These factors may allow the Resulting Issuer's competitors to respond more effectively than the Issuer to new or emerging technologies and changes in market requirements. The Resulting Issuer's competitors may develop products, features, or services that are similar to the Resulting Issuer or that achieve greater market acceptance, may undertake more far-reaching and successful product development efforts or marketing campaigns, or may adopt more aggressive pricing policies. Certain competitors could use strong or dominant positions in one or more markets to gain a competitive advantage against the Issuer. As a result, the Resulting Issuer's competitors may acquire and engage users at the expense of the growth or engagement of its user base, which may negatively affect the Resulting Issuer's business and financial results.

The Resulting Issuer believes that its ability to compete effectively depends upon many factors both within and beyond the Resulting Issuer's control, including:

- the usefulness, ease of use, performance, and reliability of the Resulting Issuer's products and services compared to its competitors;
- customer service and support efforts;
- marketing and selling efforts;
- the Resulting Issuer's financial condition and results of operations;
- changes mandated by legislation, regulatory authorities, or litigation, including settlements and consent decrees, some of which may have a disproportionate effect on the Issuer;
- acquisitions or consolidation within the Resulting Issuer's industry, which may result in more formidable competitors;
- the Resulting Issuer's ability to attract, retain, and motivate talented employees and consultants;
- the Resulting Issuer's ability to cost-effectively manage and grow its operations; and
- the Resulting Issuer's reputation and brand strength relative to that of its competitors.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Resulting Issuer intends to acquire businesses, technologies, services or products that the Resulting Issuer believes are strategic. The Resulting Issuer currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Resulting Issuer will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service or product into the Resulting Issuer may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Resulting Issuer' business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Resulting Issuer's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require the Resulting Issuer to obtain additional equity or debt financing, which might not be available on terms favourable to the Resulting Issuer, or at all, and such financing, if available, might be dilutive.

Operating Risk and Insurance Coverage

The Resulting Issuer will obtain and maintain insurance to protect its assets, operations and employees. However, insurance that is otherwise readily available, such as workers compensation, general liability, and directors and officers insurance, may be more difficult for the Resulting Issuer to obtain and more costly because the industry in which the Resulting Issuer is engaged in. As of the date of this Listing Statement, the Resulting Issuer has been successful in finding such policies, but at a cost higher than other businesses. There are no guarantees that the Resulting Issuer will be able to find such insurance coverage in the future or that the cost will be affordable to the Resulting Issuer. While the Resulting Issuer believes its insurance coverage will address all material risks to which it is exposed and will be adequate and customary in its current state of operations, such insurance will be subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Resulting Issuer is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Resulting Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Resulting Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Resulting Issuer were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth

The Resulting Issuer may in the future, experience rapid growth and development in a relatively short period of time by aggressively marketing its products and services. The Resulting Issuer may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and prospects.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Resulting Issuer and as officers and directors of such other companies.

Litigation

The Resulting Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Resulting Issuer becomes involved be determined against the Resulting Issuer such a decision could adversely affect the Resulting Issuer's ability to continue operating and the market price for Resulting Issuer Shares and could use significant resources. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant company resources.

Service of Process within Canada

Some of the Resulting Issuer's directors and officers are not residents of Canada and a significant part of its assets are, or will be, located outside of North America. As a result, it may be difficult or impossible for Canadian shareholders to effect service of process within Canada upon the Resulting Issuer, its directors or officers, or any experts, or to realize against them upon judgments of courts of Canada predicated upon civil liabilities under securities laws of Canada. In addition, shareholders should not assume that the courts in Colombia: (a) would enforce judgments of Canadian courts obtained in actions against such persons predicated upon civil liabilities under the laws of Canada;

or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under securities laws of Canada.

The market price of Resulting Issuer Shares may be subject to wide price fluctuations

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

Limited Market for Securities

Upon completion of the Acquisition, the Resulting Issuer Shares will be listed on the CSE, however, there can be no assurance that an active and liquid market for the Resulting Issuer Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Resulting Issuer.

Dividends

The Resulting Issuer has no earnings or dividend record, and does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

Use of Proceeds

Although the Resulting Issuer has set out its intended use of proceeds in this Listing Statement, these intended uses are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such proceeds. The failure by the Resulting Issuer to apply these funds effectively could have a material adverse effect on the Issuer's business, including the Resulting Issuer's ability to achieve its stated business objectives.

Environmental Laws and Regulations

The Resulting Issuer's operations are subject to environmental regulations in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Resulting Issuer's operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or to be curtailed, and may include corrective measures requiring remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Economic Environment

The Resulting Issuer's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Resulting Issuer's sales and profitability.

Global Economy Risk

Any economic slowdown and downturn of global capital markets could make the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. These factors may impact the Resulting Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Resulting Issuer. If uncertain market conditions persist, the Resulting Issuer's ability to raise capital could be jeopardized, which could have an adverse impact on the Resulting Issuer's operations and the trading price of the Resulting Issuer's Shares on the stock exchange.

Going-Concern Risk

The financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Resulting Issuer's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Resulting Issuer will be successful in completing an equity or debt financing or in achieving profitability.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Resulting Issuer be unable to continue as a going concern.

Financial Risk Exposures

The Resulting Issuer may have financial risk exposure to varying degrees relating to the currency of each of the countries where it operates.

17.2 – Additional Securityholder Risk

There is no risk that securityholders of the Resulting Issuer may become liable to make an additional contribution beyond the price of the security.

17.3 – Other Risks

Subject to the risk factors set out under section 17.1 above, there are no other material risk factors that a reasonable investor would consider relevant to an investment in the Resulting Issuer's shares.

18. Promoters

18.1 – 18.3 – Promoter Consideration

There is no promoter of the Resulting Issuer other than Mr. Ochoa, the CEO.

19. Legal Proceedings

19.1 - Legal Proceedings

PT

There are no legal proceedings to which PT is, or has been, a party or of which any of its property is, or has been, the subject matter. Additionally, to the reasonable knowledge of the management of PT, there are no such proceedings contemplated.

Resulting Issuer

There are no legal proceedings to which the Resulting Issuer is, or has been, a party or of which any of its property is, or has been, the subject matter. Additionally, to the reasonable knowledge of the management of the Resulting Issuer, there are no such proceedings contemplated.

19.2 – Regulatory Actions

The Resulting Issuer is not subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has the Resulting Issuer entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Resulting Issuer's securities or would be likely to be likely to be considered important to a reasonable investor making an investment decision.

20. Interest of Management and Others in Material Transactions

Except as set out below and elsewhere in this Listing Statement, none of the directors or executive officers of the PT, principal shareholders, or any associate or affiliate of such persons, has or has had any material interest, direct or indirect, in any material transaction within the three years before the date of this Listing Statement or in any proposed transaction that has materially affected or may affect the Resulting Issuer.

21. Auditors, Transfer Agents and Registrars

21.1 – Auditors

The firm of Davidson & Company LLP, Chartered Professional Accountants ("**Davidson**") is the independent registered certified auditor of PT and Tower Three with a Vancouver office address of suite 1200 – 609 Granville Street, Vancouver, B.C., V7Y 1G6.

The auditors of Resulting Issuer are Davidson.

21.2 – Transfer Agent and Registrar

The Resulting Issuer's registrar and transfer agent is Computershare, located at 510 Burrard Street, 3rd Floor, Vancouver, BC V6C 3B9.

22. Material Contracts

22.1 – Material Contracts

Except for contracts entered into by PT in the ordinary course of business, the only material contracts entered into by PT in the previous two years are the following:

(a) On October 19, 2016, PT entered into the Acquisition Agreement to acquire all of the issued and outstanding Tower Three securities. See "General Development of the Business – The Transaction";
(b) The Arrangement Agreement between the Company and Cabbay. See "General Development of the Business";
(c) The Asset Purchase Agreement between Forge Therapeutics Inc. and the Company, dated July 23, 2015; and
(d) Consulting Agreement between the Company and Howe & Bay Financial Corp. dated March 21, 2016.

22.2 – Special Agreements

The Resulting Issuer is not a party to any co-tenancy, unitholders' or limited partnership agreements.

23. Interest of Experts

The persons or companies whose profession or business gives authority to a statement made by such person or company and who is named in this Listing Statement as having prepared or certified a part of this Listing Statement or a report or valuation described or included in this Listing Statement, are as follows:

(1) The audited financial statements of PT included in this Listing Statement have been included in reliance upon the report of Davidson & Company LLP, Chartered Professional Accountants, and upon the authority of such firm as experts in accounting and auditing and their audit report is included herein. Davidson &

Company LLP, Chartered Accountants have advised that they are independent with respect to PT within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

(2) The audited financial statements of Tower Three included in this Listing Statement have been included in reliance upon the report of Davidson and Company, LLP, Chartered Professional Accountants, and upon the authority of such firm as experts in accounting and auditing and their audit report is included herein. Davidson and Company, LLP have advised that they are independent with respect to Tower Three within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Based on information provided by the relevant persons, none of those persons or companies or any director, officer, employee or partner thereof has received or will receive any direct or indirect interest in our property or the property of any associate or affiliate of us, nor has any beneficial ownership, direct or indirect, in any securities issued by us. None of those persons is or is expected to be elected, appointed, or employed as a director or employee of us.

24. Other Material Facts

Neither PT nor Tower Three are aware of any other material facts relating to PT or Tower Three or to the Acquisition that are not disclosed under the preceding items and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to PT, Tower Three and the Resulting Issuer, other than those set forth herein.

25. Financial Statements

Schedule "A" contains the audited financial statements for PT for the years ended December 31, 2015 and 2014, PT's interim financial statements for the nine-months ended September 30, 2016, the MD&A of PT for the year ended December 31, 2015 and the MD&A of PT for the nine-months ended September 30, 2016.

Schedule "B" contains the audited financial statements for Tower Three for the year ended December 31, 2015 from incorporation December 30, 2015, the interim financial statements for Tower Three for the nine-months ended September 30, 2016, the MD&A of Tower Three for the year ended December 31, 2015 and the MD&A for Tower Three for the nine-months ended September 30, 2016.

Schedule "C" contains the pro-forma financial statements.

CERTIFICATE OF THE RESULTING ISSUER

The foregoing contains full, true and plain disclosure of all material information relating to the Resulting Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 12th day of January, 2017.

Signed "Alejandro Ochoa"

Chief Executive Officer

Signed "Abbey Abdiye"

Chief Financial Officer

Signed "Brian Gusko"

Director

Signed "Robert Horsley"

Director

Signed "Fabio Vasquez"

Director

Signed "Alejandro Ochoa"

Promoter

CERTIFICATE OF TOWER THREE

The foregoing contains full, true and plain disclosure of all material information relating to Tower Three SAS. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 12th day of January, 2017.

Signed "Alejandro Ochoa"	*Signed "Alejandro Ochoa"*
Chief Executive Officer	Chief Financial Officer

SCHEDULE “A”

AUDITED FINANCIAL STATEMENTS & MD&A OF PT

The audited financial statements of PT for the years ended December 31, 2015 and 2014
and the interim financial statements of PT for the nine-months ended September 30, 2016
&
The MD&A of PT for the year ended December 31, 2015
and the MD&A of PT for the nine-months ended September 30, 2016

[See Attached.]

PACIFIC THERAPEUTICS LTD.
FINANCIAL STATEMENTS

Years Ended
December 31, 2015 and 2014
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Pacific Therapeutics Ltd.

We have audited the accompanying financial statements of Pacific Therapeutics Ltd., which comprise the statements of financial position as at December 31, 2015 and 2014 and the statements of income (loss) and comprehensive income (loss), changes in shareholders' deficiency, 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.

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 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 auditors' 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.

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Davidson-co.com

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Pacific Therapeutics Ltd. 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 conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Pacific Therapeutics Ltd.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

April 4, 2016

PACIFIC THERAPEUTICS LTD.

Statements of Financial Position
(Expressed in Canadian Dollars)

AS AT:	Notes	December 31, 2015	December 31, 2014
		$	$
ASSETS			
CURRENT			
Cash and cash equivalents		-	1,513
Prepaid expenses and deposits		12,951	-
Goods and services tax receivable		1,744	1,312
		14,695	2,825
NON-CURRENT ASSETS			
OTHER RECEIVABLE	**5**	1	-
INTANGIBLE ASSETS	**6**	-	64,490
		14,696	**67,315**
LIABILITIES			
CURRENT			
Bank overdraft		141	-
Trade payable and accrued liabilities		333,034	267,474
Convertible note	**7**	62,460	26,642
Derivative component of convertible note	**7**	-	36,188
Due to related parties	**8**	228,471	612,772
		624,106	943,076
SHAREHOLDERS' DEFICIENCY			
Share capital	**9**	2,800,010	2,760,010
Shares committed for issuance	**9**	4,800	-
Share subscriptions received	**9**	-	30,000
Equity component of convertible note		1,080	-
Warrant and option reserve	**9**	121,939	289,766
Deficit		(3,537,239)	(3,955,537)
		(609,410)	(875,761)
		14,696	**67,315**

Nature and Continuance of Operations (Note 1)

Subsequent Events (Note 14)

On behalf of the Board:

"Robert Horsley"	Director	*"Brian Gusko"*	Director
Robert Horsley		Brian Gusko	

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

PACIFIC THERAPEUTICS LTD.

Statements of Income (Loss) and Comprehensive Income(Loss)
(Expressed in Canadian Dollars)

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Expenses			
Advertising and promotion		22,386	67,923
Amortization of property and equipment		-	1,216
Amortization of intangible assets	6	2,993	5,618
Bank charges and interest		4,077	10,047
Donation		-	500
Insurance		9,707	30,194
Investor relations		-	25,075
Accretion	7	25,503	11,005
Office and miscellaneous		1,666	5,428
Professional fees		85,486	168,490
Rent and occupancy costs		3,172	14,543
Share based payments		11,998	152,028
Telephone and utilities		1,516	2,006
Transfer agent		9,462	24,107
Travel		230	11,906
Wages and benefits		106,667	160,947
		(284,863)	(691,033)
Foreign exchange (loss)/gain		(28,269)	440
Interest expense convertible notes	7	(6,395)	(1,825)
Gain on debt forgiveness	8	535,077	-
Loss on retirement of assets		-	(1,227)
Loss on settlement of convertible note	7	(5,000)	-
Gain on derivative liability	7	36,188	-
Impairment of intangible assets	6	(67,065)	-
		464,536	(2,612)
Net Income/(Loss)		**179,673**	**(693,645)**
Income/(Loss) per share Basic		**0.13**	**(0.56)**
Income/(Loss) per share Diluted		**0.13**	**(0.56)**
Weighted average shares outstanding -			
Basic and diluted		**1,351,500**	**1,248,561**

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

PACIFIC THERAPEUTICS LTD.

Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Common shares #	Share capital $	Share Subscriptions received $	Shares committed for issuance $	Equity component of convertible note $	Warrant and option reserve $	Deficit $	Total $
Balance at December 31, 2013	1,248,554	2,699,210	-	-	-	123,704	(3,263,058)	(440,144)
Common shares issued for cash @ $1.50	4,000	4,800	-	-	-	1,200	-	6,000
Shares exchanged for debt @ $1.50	46,667	56,000	-	-	-	14,000	-	70,000
Subscriptions received for shares @ $1.50	-	-	30,000	-	-	-	-	30,000
Share based payments	-	-	-	-	-	152,028	-	152,028
Options expired unexercised	-	-	-	-	-	(1,166)	1,166	-
Net loss for the year	-	-	-	-	-	-	(693,645)	(693,645)
Balance at December 31, 2014	1,299,221	2,760,010	30,000	-	-	289,766	(3,955,537)	(875,761)
Units exchanged for debt @ $1.50	39,333	23,600	-	-	-	35,400	-	59,000
Units issued for cash @ $1.50	27,333	16,400	(30,000)	-	-	24,600	-	11,000
Shares committed for issuance on exercise of warrants @ $0.90	-	-	-	4,800	-	(1,200)	-	3,600
Share based payments	-	-	-	-	-	11,998	-	11,998
Fair value of conversion feature on covertible note	-	-	-	-	1,080	-	-	1,080
Options and warrants expired unexercised	-	-	-	-	-	(238,625)	238,625	-
Net income for the year	-	-	-	-	-	-	179,673	179,673
Balance at December 31, 2015	1,365,887	2,800,010	-	4,800	1,080	121,939	(3,537,239)	(609,410)

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

PACIFIC THERAPEUTICS LTD.

Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
		$	$
Cash flows used in operating activities			
Net income/(loss)		179,673	(693,645)
Adjustments for items not affecting cash			
Amortization of property and equipment		-	1,216
Amortization of intangible assets		2,993	5,618
Accretion		25,503	11,005
Interest expense on convertible note		6,395	1,825
Gain on derivative liability		(36,188)	-
Share based payments		11,998	152,028
Loss on retirement of assets		-	1,227
Impairment of intangible assets		67,065	-
Gain on forgiveness of debt		(535,077)	-
Loss on settlement of convertible note		5,000	-
Changes in non-cash working capital balances			
Goods and services tax recoverable		(432)	6,079
Prepaid expenses		(12,951)	36,605
Trade payable and accrued liabilities		124,561	111,273
		(161,460)	(366,769)
Cash flows used in investing activities			
Additions to intangible assets		(5,570)	(10,195)
		(5,570)	(10,195)
Cash flows from/(used in) financing activities			
Issue of common share/units for cash	9	14,600	6,000
Due to related parties	8	150,776	142,685
Share subscriptions received		-	30,000
Convertible note		-	50,000
Repayment of convertible note		-	(30,900)
		165,376	197,785
Change in cash and cash equivalents		(1,654)	(179,179)
Cash and cash equivalents, beginning of year		1,513	180,692
Cash and cash equivalents, end of year		(141)	1,513

Supplemental Cash Flow Information (Note 13)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Pacific Therapeutics Ltd. (the “Company" or "PTL") was incorporated under the laws of the Province of British Columbia, Canada on September 12, 2005. The Company is a development stage company focused on developing proprietary drugs to treat certain types of lung disease including fibrosis. On October 14, 2011, the Company became a reporting company in British Columbia and was approved by the Canadian Securities Exchange (“CSE”) and opened for trading on November 16, 2011. The Company’s registered office is located at Suite 605, 815 Hornby Street, Vancouver, BC, Canada V6Z 2E6.

On March 15, 2016, the Company completed a share consolidation on the basis of thirty pre-consolidation common shares for each post consolidation common share. Upon approval by the Canadian Securities Exchange the Company began trading under the existing symbol “PT” on March 15, 2016. As such, all current and comparative share amounts have been restated to account for the 30 to 1 common share consolidation.

PTL has financed its cash requirements primarily from share issuances and payments from research collaborators. The Company's ability to realize the carrying value of its assets is dependent on successfully bringing its technologies to market and achieving future profitable operations, the outcome of which cannot be predicted at this time. It will be necessary for the Company to raise additional funds for the continuing development of its technologies.

The Company’s financial statements as at December 31, 2015 and for the year then ended have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. The Company has net income of $179,673 for the year ended December 31, 2015 (2014 – net loss $693,645) and has a working capital deficiency of $609,411 at December 31, 2015 (2014 – $940,251).

The Company is subject to risks and uncertainties common to drug discovery companies, including technological change, potential infringement on intellectual property of and by third parties, new product development, regulatory approval and market acceptance of its products, activities of competitors and its limited operating history. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

(a) Statement of Compliance

These financial statements of the Company for the years ended December 31, 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC”).

These financial statements were approved and authorized for issue by the Board of Directors on April 4, 2016

(b) Basis of Presentation

These financial statements were prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars which is the Company’s functional currency.

(c) Use of Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions that have been made that relate to the following key estimates:

Intangible Assets – impairment

The application of the Company's accounting policy for intangible assets expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Intangible Assets – useful lives

Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

Share-based payments and compensation

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option, volatility and dividend yield and making assumptions about them. The fair value of the underlying common shares is assessed as the most recent issuance price per common share for cash proceeds. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 9.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these financial statements:

(a) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments having original terms to maturity of 90 days or less.

(b) Loss per share

Basic loss per share is calculated based on the weighted average number of shares outstanding during the period. The treasury stock method is used for determining the dilutive effect of options and warrants issued in calculating diluted earnings per share. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years ended December 31, 2015 and 2014 this calculation proved to be anti-dilutive and therefore diluted per share amounts do not differ from basic per share amounts.

(c) Research and development

Research costs are expensed in the period incurred. Development costs are expensed in the period incurred unless the Company believes a development project meets the criteria for deferral and amortization. No such costs have been deferred as at December 31, 2015 and 2014. Scientific Research and Experimental Development ("SR&ED") tax credits are recorded on a cash basis due to the uncertainty surrounding final approval of the SR&ED tax credit application. Tax credits received are recorded as a reduction in research and development costs incurred in the year.

(d) Property and equipment

Property and equipment is recorded at cost. Amortization is recorded annually at rates calculated to write off the assets over their estimated useful lives as follows:

Computer equipment	45% declining balance
Furniture and fixtures	20% declining balance
Lab equipment	50% declining balance
Leasehold improvements	straight-line over the term of the lease

In the year of acquisition, these rates are reduced by one-half.

(e) Intangible assets

Technology licenses acquired from third parties that include licenses and rights to technologies are initially recorded at fair value based on consideration paid and amortized on a straight-line basis over the estimated useful life of the underlying technologies.

Patent costs associated with the preparation, filing, and obtaining of patents are capitalized and amortized on a straight-line basis over the useful lives of the underlying technologies and patents, usually for a period not exceeding 15 years.

Management evaluates the recoverability of technology licenses and patents on an annual basis based on the expected utilization of the underlying technologies. If the estimated net recoverable value for each cash-generating unit, calculated based on undiscounted future cash flows, is less than the carrying value, the asset is written down to its fair value. The amounts shown for technology licenses and patent costs do not necessarily reflect present or future values and the ultimate amount recoverable will be dependent upon the successful development and commercialization of products based on these rights.

(f) Impairment

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that an asset's carrying amount may be less than its recoverable amount. Management uses judgment to estimate these inputs and any changes to these inputs could have a material impact on the impairment calculation. For impairment testing, non-financial assets that do not generate independent cash flows are grouped together into cash-generating units (CGUs), which represent the levels at which largely independent cash flows are generated. An impairment loss is recognized in earnings to the extent that the carrying value of an asset, CGU or group of CGU's exceeds its estimated recoverable amount. The recoverable amount of an asset, CGU or group of CGU's is the greater of its value in use and its fair value less cost to sell. Value in use is calculated as the present value of the estimated future cash flows discounted at appropriate discount rates. An impairment loss relating to a specific asset reduces the carrying value of the asset. An impairment loss relating to a group of CGU's is allocated on a pro-rata basis to reduce the carrying value of the assets in the units comprising the group. A previously recognized impairment loss related to non-financial assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss related to non-financial assets is reversed if there is a subsequent increase in the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying value does not exceed the carrying value that would have been determined, net of depreciation or amortization, if no loss had been recognized.

(g) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

(h) 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 the 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to warrants and options reserve. Consideration received on the exercise of stock options is recorded as share capital and the related amount in warrants and options reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from share-based payments reserve. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

(i) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Financial instruments

(a) Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss (“FVTPL”), loans and receivables, and available-for-sale (“AFS”). The classification depends on the purpose for which the financial assets were 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 through profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost 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

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 through profit or 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 through other comprehensive income (loss).

The Company has classified its cash and cash equivalents at fair value through profit or loss. The Company’s receivables are classified as loans and receivables.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset could be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

(b) Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. 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 through profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method.

The Company's accounts payable and accrued liabilities, convertible note and due to related parties are classified as other financial liabilities. The Company's derivative liability component of the convertible note is classified as fair value through profit or loss.

4. RECENT ACCOUNTING PRONOUNCEMENTS

At the date of authorization of these financial statements, the IASB and International Financial Reporting Interpretation Committee ("IFRIC") have issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended December 31, 2015:

Effective for annual periods beginning on or after January 1, 2018

- **IFRS 9, *Financial Instruments – Classification and Measurement***

  IFRS 9 is a new standard on financial instruments that will replace IAS 39*, Financial Instruments: Recognition and Measurement.*

  IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

- **IFRS 15, *Revenue from Contracts with Customers:***

  IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

5. SALE OF INTANGIBLE ASSETS

On July 24, 2015 (effective on August 25, 2015 with shareholder approval) the Company entered into a definitive agreement with Forge Therapeutics Inc. ("Forge") - a private US company - to sell the Company's patents in the area of the development of therapies for fibrosis and erectile dysfunction.

Proceeds from the sale were a commitment by Forge to issue 15,000,000 common shares.

Subject to the terms of the Agreement, if the 15,000,000 shares are not issued to the Company within 3 years, then the Company may trigger the issuance of the shares, and if at the end of 5 years the shares have not been issued then Forge must return the assets to the Company. In the event of a sale by Forge to a third party of the assets purchased under the Agreement, the Company will receive 6% of the value of that transaction, subject to certain conditions. The Company has assessed that the fair value of the right to receive the shares from Forge is not determinable and accordingly has recorded a nominal value of $1.

A condition of the sale was that Forge will pay to the Company an annual maintenance fee of $50,000. In the Company's judgement, no portion of this amount will be recognized until collection can be assured.

6. INTANGIBLE ASSETS - PATENTS

Due to the finite life of the patents which begins from the date of application; the Company amortizes all patent costs over the expected life of the patent. During the year ended December 31, 2015, the Company recognized impairment on its intangible assets of $67,065 as a result of the Company's inability to raise sufficient funds to develop the assets. The Company disposed of its patents during the year ended December 31, 2015 (Note 5).

Cost		
December 31, 2013	$	77,884
Additions		10,195
December 31, 2014	$	88,079
Additions		5,570
Impairment		(93,648)
Disposition		(1)
December 31, 2015	$	-
Amortization		
December 31, 2013	$	17,971
Amortization for the year		5,618
December 31, 2014	$	23,589
Amortization for the year		2,993
Impairment		(26,582)
December 31, 2015	$	-
Carrying amounts		
December 31, 2014	**$**	**64,490**
December 31, 2015	**$**	**-**

7. CONVERTIBLE NOTES AND DERIVATIVE LIABILITY

On September 11, 2014 the Company issued a convertible note for $50,000 due on September 11, 2015 with an interest rate of 1% per month payable quarterly. The note is unsecured but convertible at the option of the holder into common shares of the Company at a price based on the weighted average closing price of the Company's shares on the Canadian Stock Exchange for the ten (10) trading days immediately preceding the conversion date, less fifteen per cent (15%). The convertible note has both debt and derivative liability characteristics. The Company initially valued the note by calculating the derivative liability component then applying the residual value to the debt component. The derivative liability component of the loan was calculated using the Black-Scholes Pricing Model and was estimated to be $36,188.

On September 11, 2015, when the note matured the Company was unable to repay the amount owing consisting of principal of $50,000 and unpaid interest of $6,000. The note holder agreed to accept and the Company agreed to a penalty of $5,000 bringing the total owing to $61,000. The Company and the note holder further agreed to issue a new convertible note effective September 11, 2015 in the amount of $61,000 due on September 11, 2016 convertible at the option of the holder into common shares at $1.50 per share with an interest rate of 1% per month payable quarterly. The note is unsecured but convertible at the option of the holder into common shares of the Company at a price of $0.05 per share. The fair value of the conversion feature was classified as equity and valued at $1,080. The present value of the debenture was assessed as $59,920 based on the face value of $61,000, term of 1 year, interest of 12% per annum and the discount rate of 14%.

At December 31, 2015 and 2014 the Company's convertible notes were valued as follows:

	December 31, 2015	December 31, 2014
Opening balance	$ 26,642	$ -
Loan proceeds	-	50,000
Derivative component	-	(36,188)
Equity component	(1,080)	-
Loss on settlement of convertible note	5,000	-
Accretion	25,503	11,005
Accrued interest	6,395	1,825
	$ 62,460	$ 26,642

The fair value of the derivative component of the loan at December 31, 2015 of $Nil and December 31, 2014 of $36,188 were calculated using the Black-Scholes Pricing Model using the following assumptions:

	December 31, 2015	December 31, 2014
Dividend Yield	-	0%
Expected Volatility	-	160.63%
Risk free interest rate	-	1.60%
Expected life in years	-	1

During the year ended December 31, 2015, the Company recognized gains on revaluation of the derivative liability of $36,188.

8. RELATED PARTY TRANSACTIONS AND BALANCES

Due to related Parties

Due to related parties consists of short term amounts loaned, services rendered and expenses paid on behalf of the Company by shareholders of the Company that are unsecured, non-interest bearing, and payable on demand.

	December 31, 2015	December 31, 2014
Amounts owing to the CFO and director for loans and consulting, accounting fees and interest on ISA.	$ 23,986	$ 124,724
Amounts owing to a former director for legal fees	21,328	19,928
Amounts owing to a former director for loans and interest on ISA	10,000	2,964
Amount owing to a former CEO and former director for advances to the Company and for interest on ISA.	173,157	465,156
	$ 228,471	$ 612,772

Related Party Transactions and Key Management and Personnel Compensation

Payment or accruals for related party services provided to the company were:

	Year ended December 31, 2015	Year ended December 31, 2014
Salary paid or accrued for a former CEO and former director	$ 106,667	$ 160,000
Consulting fees paid or accrued to the CFO and director	24,000	36,000
Accounting fees paid or accrued to a company controlled by the CFO and director	7,500	6,000
Legal fees for services provided by a director	1,334	3,121
Share-based payments for options issued to a director	4,500	67,835
Total key management personnel compensation	$ 144,001	$ 272,956

During the year ended December 31, 2015 the Company granted options to a director valued at $4,500 (2014 - $67,835). The 2015 options consisted of 5,000, 5 year $3.00 incentive stock options that vested at date of grant (Note 9).

During the year ended December 31, 2015, the Company entered into debt settlement agreements with officers and directors of the Company through which $535,077 in due to related parties was forgiven.

9. SHARE CAPITAL

Class A Common Shares

Authorized

Unlimited	Class A common shares without par value
1,500,000	Class B Series I preferred shares without par value
1,000,000	Class B Series II preferred shares without par value

Issued

1,365,887	Class A common shares without par value
NIL	Class B Series I preferred shares without par value
NIL	Class B Series II preferred shares without par value

On May 20, 2015 the Company received $3,600 for the exercise of 4,000 warrants to purchase a common share at $0.90. The shares were not issued until after December 31, 2015 (Note 13). On exercise, the Company reversed $1,200 out of reserves into shares committed for issuance.

On March 20, 2015 the Company closed the second tranche of a non-brokered private placement and issued 66,666 units at $1.50 per unit for cash proceeds of $41,000 (of which $30,000 was received in 2014 and $11,000 received in 2015) and to retire debts totaling $59,000. Each unit is comprised of one common share and one share purchase warrant exercisable for one common share at an exercise price of $4.50 until March 20, 2016. Each share purchase warrant included was assessed a value of $0.90 based on the residual value method. As such, a total of $60,000 was allocated to warrant reserves.

On October 3, 2014 the Company closed the first tranche of a non-brokered private placement and issued 50,667 units at $1.50 per unit for cash proceeds of $6,000 and to retire debts totaling $70,000. The debts related to consulting services by arm's length parties for $20,000 and reduction of $50,000 in balances owing to a related party. Each unit is comprised of one common share and one share purchase warrant exercisable for one common share at an exercise price of $4.50 until October 3, 2015. Each share purchase warrant included was assessed a value of $0.30 based on the residual value method. As such, a total of $15,200 was allocated to warrant reserves.

Stock options and share based payments:

As at December 31, 2015 and 2014 the following stock options were outstanding and exercisable:

Expiry Date	Exercise Price $	31-Dec-15	31 Dec 14
05-Mar-15	8.10	-	12,500
11-Jun-15	1.80	-	16,667
30-Oct-15	3.00	-	6,667
10-Jan-17	3.00	-	13,333
03-Jul-17	3.00	833	15,833
21-Dec-17	3.00	5,000	15,000
04-Apr-18	3.00	3,333	11,667
16-Sep-18	3.00	-	3,333
28-Oct-17	3.00	-	3,333
07-Mar-19	3.00	4,167	17,500
28-Oct-19	3.00	-	6,667
Balance	**3.00**	**13,333**	**122,500**

On January 10, 2015, 90 days after their consulting agreement was terminated, 13,333 options issued to consultants with an exercise price of $3.00 and an original expiry date of January 10, 2017 were cancelled.

On February 2, 2015, the Company issued 13,333 options to purchase common shares of the company: 5,000, 5 years options with an exercise price of $3.00 were issued to Wendi Rodrigueza a former director of the Company, and 8,333, 3 years options with an exercise price of $7.50 were issued to a consultant.

On February 28, 2015, 90 days after their consulting agreement was terminated, 6,667 options issued to consultants with an exercise price of $3.00 and an original expiry date of October 30, 2015 were cancelled.

On March 5, 2015, 12,500 options with an exercise price of $8.10 expired unexercised.

On June 11, 2015, 16,667 options with an exercise price of $1.80 expired unexercised.

On November 23, 2015, 90 days after the resignation of the CEO and 90 days following the annual general meeting when the board of directors did not stand for re-election 45,000 options with expiry dates between January 17, 2015 and February 20, 2020 and with exercise prices of $3.00 expired in accordance with the terms of their option agreements.

On November 23, 2015, 90 days after their consulting agreement was terminated, 28,333 options issued to consultants with an original expiry dates between July 3, 2017 and October 28, 2019 were cancelled.

The options outstanding and exercisable at December 31, 2015, have a weighted average remaining contractual life of 2.4 years (December 31, 2014 – 3.2 years). During year ended December 31, 2015, 13,333 options were issued (December 31, 2014 – 64,167). Stock option activity was as follows:

	December 31, 2015		**December 31, 2014**	
	Options Outstanding	**Exercise Price $**	**Options Outstanding**	**Exercise Price $**
Balance beginning of year	122,500	$ 3.36	63,333	$ 4.41
Expired/Cancelled	(122,500)	$ (3.66)	(5,000)	8.10
Issued	13,333	$ 5.81	64,167	2.69
Balance at year end	**13,333**	**$ 3.00**	**122,500**	**$ 3.36**

The fair value of share based awards is determined using the Black-Scholes Option Pricing model. The model utilizes certain subjective assumptions including the expected life of the option and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's stock options. The Company used the Black-Scholes Option Pricing Model for multiple stock option grants occurring in 2015 and 2014. The Company issued 13,333 options during the year ended December 31, 2015: 8,333 3 year options with a strike price of $7.50 and 5,000 5 year options to a director Wendi Rodrigueza with a strike price of $3.00. The assumptions used in the Black-Scholes Option Pricing Model for employees, directors and consultants were:

	December 31, 2015	**December 31, 2014**
Expected volatility	299% - 308%	299% - 308%
Risk free interest rate	0.78% - 1.63%	0.78% - 1.63%
Expected life in years	5	1 - 5
Grant date fair value per option	$1.50 - $2.40	$1.50 - $2.40
Forfeiture rate	4%	4%

Warrants:

As at December 31, 2015 and 2014 the following share purchase warrants were issued and outstanding:

Expiry Date	Exercise Price $	2015	2014
12-Feb-15	$6.60	-	33,333
01-May-15	$6.60	-	43,333
03-Oct-15	$4.50	-	50,668
28-Feb-16	$3.00	23,333	23,333
01-Oct-16	$3.00	72,000	72,000
08-Oct-16	$3.00	3,000	3,000
18-Oct-16	$3.00	66,000	66,000
18-Oct-16	$3.00	1,333	1,333
05-Nov-16	$3.00	224,333	224,333
05-Nov-16	$3.00	1,667	1,667
20-Mar-16	$4.50	66,667	-
		458,333	519,000

The warrants outstanding and exercisable at December 31, 2015, have a weighted average remaining contractual life of 0.6 years (2014 – 1.5 years). Warrant activity was as follows:

	December 31, 2015		December 31, 2014	
	Warrants Outstanding	Exercise Price $	Warrants Outstanding	Exercise Price $
Opening balance	519,000	$ 3.68	607,328	$ 4.07
Expired	(123,334)	5.24	(162,328)	5.29
Exercised	(4,000)	4.50	-	-
Issued	66,667	4.50	74,000	4.03
Closing balance	458,333	$ 3.22	519,000	$ 3.68

10. INCOME TAXES

The reconciliation of income tax attributable to continuing operations computed at the statutory tax rate of 26% (2014 – 26%) to income tax expense is:

	2015	2014
	$	$
Income (loss) for the year	179,673	(693,645)
Expected income tax (recovery)	47,000	(180,000)
Change in statutory, foreign tax, foreign exchange rates and other	8,000	(24,000)
Permanent Difference	(147,000)	40,000
Change in unrecognized deductible temporary differences	92,000	164,000
Total income tax expense (recovery)	-	-

Deferred taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Deferred tax assets are evaluated periodically and if realization is not considered likely, a valuation allowance is provided.

(a) Deferred tax asset and liabilities:

	2015	2014
	$	$
Deferred Tax Assets (liabilities)		
Operating loss carry-forward	995,000	909,000
Property and equipment	1,000	1,000
Allowable capital losses	8,000	-
Share issue costs	5,000	8,000
Intangible assets	-	(1,000)
Unrecognized deferred tax assets	1,009,000	917,000

(b) Loss carry-forwards:

The Company has accumulated non-capital losses of approximately $3,827,000 (2014 - $3,497,000) which will expire in between 2016 and 2035 (2014 between 2016 and 2034).

11. CAPITAL DISCLOSURE

The Company considers its capital under management to be comprised of shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to continue as a going concern and to maximize returns for shareholders over the long term. The Company is not subject to any capital restrictions. There has been no change in the Company's objectives in managing its capital.

12. FINANCIAL INSTRUMENTS AND RISK

As at December 31, 2015, the Company's financial instruments consist of bank overdraft, trade payables and accrued liabilities, due to related parties and convertible note.

The carrying value of bank overdraft, trade payables and accrued liabilities, and due to related parties approximate their fair values because of the short term nature of these instruments. The fair value of the convertible note is its face value of $61,000.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Liquidity Risk

Of the Company's financial liabilities, $333,034 are current trade payables, $62,460 is due on September 11, 2016 (Note 7), $228,471 is due on demand to related parties. The Company manages liquidly risk through management of its capital resources discussed above.

Foreign Exchange Risk

The Company is not exposed to foreign exchange risk on its financial instruments.

Interest Rate Risk

At December 31, 2015, the Company is not exposed to significant interest rate risk as its interest bearing debt is short term at fixed rates.

Fair Value

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

Cash and cash equivalents are measured using level 1 fair value inputs.

13. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2015, the Company had the following non-cash financing and investing transactions:

- The issuance of 39,333 units to retire $59,000 in debt to related parties (Note 9).
- Recognition of an equity component of $1,080 on issuance of a convertible note.

During the year ended December 31, 2014 the Company had the following non-cash transactions:

- The issuance of 46,667 units to retire $70,000 in accounts payable (Note 9)
- Recognition of a derivative liability of $36,188 on issuance of a convertible note (Note 7)

14. SUBSEQUENT EVENTS

On February 16, 2016 the Company issued 4,000 shares for warrants exercised at $1.50 per share for gross proceeds of $6,000 (Note 9).

On March 7, 2016 the Company announced a has entered into a joint venture agreement to develop an early-stage immune-boosting herbal supplement with TrueVita Supplements.

The herbal supplement, BP120, has not undergone any extensive scientific review. This herbal supplement is aimed at the treatment of immune deficiency and hypertension.

TrueVita and the Company will be equal partners in the joint venture with each maintaining a 50-per-cent ownership.

In connection with the joint venture, the Company will issue 10,000 common shares with such shares being subject to a hold period of four months and a day.

On March 15, 2016, the Company completed a share consolidation on the basis of thirty pre-consolidation common shares for each post consolidation common share (Note 1).

On March 30, 2016 completed a private placement of 4,855,998 shares at $0.06 per share for gross proceeds of $291,360.

PACIFIC THERAPEUTICS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2016 and 2015
(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

PACIFIC THERAPEUTICS LTD.

Condensed Interim Consolidated Financial Statements
September 30, 2016
(Unaudited – See "Notice to Reader" below)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the condensed interim consolidated financial statements for the period ended September 30, 2016.

PACIFIC THERAPEUTICS LTD.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

AS AT:	Notes	September 30, 2016	December 31, 2015
		$	$
ASSETS			
CURRENT			
Cash		57,717	-
Amounts receivable		60,000	-
Prepaid expenses and deposit	7	60,382	12,951
Goods and services tax receivable		11,985	1,744
		190,084	14,695
OTHER RECEIVABLE	4	1	1
		190,085	**14,696**
LIABILITIES			
CURRENT			
Bank overdraft		-	141
Trade payables and accrued liabilities		299,563	333,034
Convertible notes	6	62,950	62,460
Due to related parties	7	268,374	228,471
		630,887	624,106
SHAREHOLDERS' EQUITY (Deficiency)			
Share capital	8	3,360,298	2,800,010
Shares committed for issuance		10,000	4,800
Equity component of convertible note		1,080	1,080
Warrant and option reserve	8	118,132	121,939
Deficit		(3,930,312)	(3,537,239)
		(440,802)	(609,410)
		190,085	**14,696**

Nature and Continuance of Operations (Note 1)

Commitment (Note 12)

Subsequent Events (Note 13)

On behalf of the Board:

"Robert Horsley"	Director	*"Brian Gusko"*	Director
Robert Horsley		Brian Gusko	

PACIFIC THERAPEUTICS LTD.

Condensed Interim Consolidated Statements of Income (loss) and Comprehensive Income (loss)
(Expressed in Canadian Dollars)

	Note	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Expenses:		$	$	$	$
Advertising and promotion		-	58	-	22,386
Amortization of intangible assets		-	-	-	2,993
Bank charges and interest		198	818	384	2,598
Financial instrument loss		-	36,188	-	30,288
Insurance		6,353	332	16,291	2,658
Interest on convertible notes	6	1,830	(31,646)	5,490	(12,222)
Office and miscellaneous		1,414	1,097	13,540	1,595
Professional fees		43,301	9,590	209,942	61,520
Rent and occupancy costs		-	1,350	-	3,172
Share based payments		139,628	-	139,628	11,998
Telephone and utilities		-	822	-	1,516
Transfer agent		2,524	1,136	17,318	5,472
Travel		-	51	-	230
Wage and benefits		-	26,667	-	106,667
		195,248	46,463	402,593	240,871
Accretion		-	(21,404)	-	(19,908)
Gain on debt forgiveness	7	-	(500,000)	-	(500,000)
Impairment of intangible assets	5	-	65,072	-	65,072
Foreign exchange (gain)/loss		-	(17,671)	(5,713)	636
Net income (loss) and comprehensive income (loss)		(195,248)	427,540	(396,880)	213,329
Basic earnings (loss) per share		(0.03)	0.31	(0.06)	0.16
Diluted earnings (loss) per share	8	(0.03)	0.24	(0.06)	0.12
Weighted average number of common shares outstanding basic		6,735,885	1,365,894	6,735,885	1,346,673
Weighted average number of common shares outstanding diluted	8	6,735,885	1,729,196	6,735,885	1,811,312

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

PACIFIC THERAPEUTICS LTD.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Number of common shares	Share capital $	Share Subscriptions received $	Shares committed for Issuance $	Equity component of convertible note $	Warrant and option reserve $	Deficit $	Total $
Balance at December 31, 2014	1,299,228	2,760,010	30,000	-	-	289,766	(3,955,537)	(875,761)
Units exchanged for debt @ $1.50	39,333	23,600	-	-	-	35,400	-	59,000
Units issued for cash @ $1.50	27,333	16,400	(30,000)	-	-	24,600	-	11,000
Shares committed for issuance on exercise of warrants @ $0.90	-	-	3,600	-	-	-	-	3,600
Share based payments	-	-	-	-	-	11,998	-	11,998
Options expired unexercised	-	-	-	-	-	(82,259)	82,259	-
Loss for the period	-	-	-	-	-	-	213,329	213,329
Balance at September 30, 2015	1,365,895	2,800,010	3,600	-	-	279,505	(3,659,949)	(576,834)
Balance at December 31, 2015	1,365,887	2,800,010	-	4,800	1,080	121,939	(3,537,239)	(609,410)
Common shares issued for cash @ $0.06	4,089,332	245,360	-	-	-	-	-	245,360
Common shares issued for services and debt	433,333	26,000	-	-	-	-	-	26,000
Exercise of options	500,000	259,628	-	-	-	(139,628)	-	120,000
Common shares issued for services	343,333	24,500	-	-	-	-	-	24,500
Shares committed for issuance	-	-	10,000	-	-	-	-	10,000
Exercise of warrants	4,000	4,800	-	(4,800)	-	-	-	-
Share based payments	-	-	-	-	-	139,628	-	139,628
Warrants expired unexercised	-	-	-	-	-	(3,807)	3,807	-
Loss for the period	-	-	-	-	-	-	(396,880)	(396,880)
Balance at September 30, 2016	6,735,885	3,360,298	10,000	-	1,080	118,132	(3,930,312)	(440,802)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

PACIFIC THERAPEUTICS LTD.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Nine months Ended September 30, 2016	Nine months Ended September 30, 2015
	$	$
Cash flows used in operating activities		
Net Income (loss) for the period	(396,880)	213,329
Adjustments for items not affecting cash		
Amortization of intangible assets	-	2,993
Financial Instrument loss	-	30,288
Accrued interest on convertible note	-	(32,119)
Interest on convertible note	5,490	-
Shares issued for services	24,500	-
Debt forgiveness	-	(500,000)
Share based payments	139,628	11,998
Changes in non-cash working capital items:		
Amounts receivable	(60,000)	-
Goods and services tax receivable	(10,241)	(99)
Prepaid expenses and deposits	(47,431)	(20,000)
Trade payables and accrued liabilities	(7,471)	14,785
	(352,405)	(278,825)
Cash flows used in investing activities		
Additions to intangible assets	-	61,497
	-	61,497
Cash flows from financing activities		
Issue of common shares, net of issuance costs	245,360	14,600
Convertible note	(5,000)	-
Commitment to issue shares	10,000	-
Shares issued for cash	120,000	-
Due to related parties	39,903	201,095
	410,263	215,695
Change in cash	57,858	(1,633)
Cash (bank overdraft), beginning of period	(141)	1,513
Cash (bank overdraft), end of period	$ 57,717	$ (120)

Supplemental disclosure with respect to cash flows (Note 11)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Pacific Therapeutics Ltd. (the “Company" or "PTL") was incorporated under the laws of the Province of British Columbia, Canada on September 12, 2005. The Company is a development stage company focused on developing proprietary drugs to treat certain types of lung disease including fibrosis. On October 14, 2011, the Company became a reporting company in British Columbia and was approved by the Canadian Securities Exchange (“CSE”) and opened for trading on November 16, 2011. The Company’s registered office is located at Suite 605, 815 Hornby Street, Vancouver, BC, Canada V6Z 2E6.

On March 15, 2016, the Company completed a share consolidation on the basis of thirty pre-consolidation common shares for each post consolidation common share. Upon approval by the Canadian Securities Exchange the Company began trading under the existing symbol “PT” on March 15, 2016. As such, all current and comparative share amounts have been restated to account for the 30 to 1 common share consolidation.

PTL has financed its cash requirements primarily from share issuances and payments from research collaborators. The Company's ability to realize the carrying value of its assets is dependent on successfully bringing its technologies to market and achieving future profitable operations, the outcome of which cannot be predicted at this time. It will be necessary for the Company to raise additional funds for the continuing development of its technologies.

The Company’s condensed interim consolidated financial statements as at September 30, 2016 have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. The Company had net income (loss) of ($396,880) for the nine months ended September 30, 2016 (September 30, 2015 – $213,329) and had a working capital deficiency of $440,803 at September, 2016 (December 31, 2015 – $609,411).

The Company is subject to risks and uncertainties common to drug discovery companies, including technological changes, potential infringement on intellectual property of and by third parties, new product development, regulatory approval and market acceptance of its products, activities of competitors and its limited operating history. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

(a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. These condensed interim consolidated financial statements follow the same accounting policies and methods of applications our most recent annual financial statements. Accordingly, the condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

(b) Basis of Presentation

These condensed interim consolidated financial statements were prepared on a historical cost basis and are presented in Canadian dollars which is the Company's functional currency. All financial information has been rounded to the nearest dollar. Additionally, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim consolidated financial statements were authorized for issue by the board of directors of the Company on November 29, 2016.

(c) Use of Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions that have been made relate to the following key estimates:

Intangible Assets – impairment

The application of the Company's accounting policy for intangible assets expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Intangible Assets – useful lives

Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

Share-based payments and compensation

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option, volatility and dividend yield and making assumptions about them. The fair value of the underlying common shares is assessed as the most recent issuance price per common share for cash proceeds.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting standards issued but not yet applied

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the financial statements upon adoption of this new and revised accounting pronouncement.

- IFRS 9 – *Financial Instruments* (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

4. SALE OF INTANGIBLE ASSETS

On July 24, 2015 (effective on August 25, 2015 with shareholder approval) the Company entered into a definitive agreement with Forge Therapeutics Inc. ("Forge") - a private US company - to sell the Company's patents in the area of the development of therapies for fibrosis and erectile dysfunction.

Proceeds from the sale were a commitment by Forge to issue 15,000,000 common shares.

Subject to the terms of the Agreement, if the 15,000,000 shares are not issued to the Company within 3 years, then the Company may trigger the issuance of the shares, and if at the end of 5 years the shares have not been issued then Forge must return the assets to the Company. In the event of a sale by Forge to a third party of the assets purchased under the Agreement, the Company will receive 6% of the value of that transaction, subject to certain conditions. The Company has assessed that the fair value of the right to receive the shares from Forge is not determinable and accordingly has recorded a nominal value of $1.

A condition of the sale was that Forge will pay to the Company an annual maintenance fee of $50,000. In the Company's judgement, no portion of this amount will be recognized until collection can be assured.

5. INTANGIBLE ASSETS - PATENTS

Due to the finite life of the patents which begins from the date of application; the Company amortizes all patent costs over the expected life of the patent. During the period ended September 30, 2015, the Company recognized impairment on its intangible assets of $65,072 as a result of the Company's inability to raise sufficient funds to develop the assets. The Company disposed of its patents during the year ended December 31, 2015 (Note 4).

(Expressed in Canadian Dollars - Unaudited)

Cost		
December 31, 2014	$	88,079
Additions		5,570
Impairment		(93,648)
Disposition		(1)
December 31, 2015 and September 30, 2016	$	-
Amortization		
December 31, 2014	$	23,589
Amortization for the period		2,993
Impairment		(26,582)
December 31, 2015 and September 30, 2016	$	-
Carrying amounts		
December 31, 2015	$	-
September 30, 2016	$	-

6. CONVERTIBLE NOTES

On September 11, 2014 the Company issued a convertible note for $50,000 due on September 11, 2015 with an interest rate of 1% per month payable quarterly. The note is unsecured but convertible at the option of the holder into common shares of the Company at a price based on the weighted average closing price of the Company's shares on the Canadian Stock Exchange for the ten (10) trading days immediately preceding the conversion date, less fifteen per cent (15%). The convertible note has both debt and derivative liability characteristics. The Company initially valued the note by calculating the derivative liability component then applying the residual value to the debt component. The derivative liability component of the loan was calculated using the Black-Scholes Pricing Model and was estimated to be $36,188.

On September 11, 2015, when the note matured the Company was unable to repay the amount owing consisting of principal of $50,000 and unpaid interest of $6,000. The note holder agreed to accept and the Company agreed to a penalty of $5,000 bringing the total owing to $61,000. The Company and the note holder further agreed to issue a new unsecured convertible note effective September 11, 2015 in the amount of $61,000 due on September 11, 2016 convertible at the option of the holder into common shares at $1.50 per share with an interest rate of 1% per month payable quarterly. The fair value of the conversion feature was classified as equity and valued at $1,080. The present value of the debenture was assessed as $59,920 based on the face value of $61,000, term of 1 year, interest of 12% per annum and the discount rate of 14%.

At September 30, 2016 and December 31, 2015 the Company's convertible notes were valued as follows:

		September 30, 2016		December 31, 2015
Opening balance	$	62,460	$	26,642
Equity component		-		(1,080)
Loss on settlement of convertible note		-		5,000
Principal payment		(5,000)		-
Accretion		-		25,503
Accrued interest		5,490		6,395
	$	62,950	$	62,460

(Expressed in Canadian Dollars - Unaudited)

7. RELATED PARTY TRANSACTIONS AND BALANCES

Due to related Parties

Due to related parties consists of short term amounts loaned, services rendered and expenses paid on behalf of the Company by shareholders of the Company that are unsecured, non-interest bearing, and payable on demand.

	September 30, 2016	December 31, 2015
Amounts owing to the former CFO for a loan, consulting fees, accounting fees and interest on irrevocable subscription agreement ("ISA")	$ 23,986	$ 23,986
Amount owing to a former director for legal fees	21,328	21,328
Amounts owing to a former director for loans and interest on ISA	10,000	10,000
Amount owing to directors	60,000	-
Amount owing to the CFO for consulting	6,300	-
Amount owing to a former CEO for advances to the Company and for interest on ISA	146,760	173,157
	$ 268,374	$ 228,471

Related Party Transactions and Key Management and Personnel Compensation

Payment or accruals to related parties for services provided to the Company were:

	September 30, 2016	September 30, 2015
	$	$
Salary paid or accrued for a former CEO	-	106,667
Consulting fees paid or accrued to the former CFO	-	24,000
Accounting fees paid or accrued to a company controlled by the former CFO and director	-	4,000
Legal fees for services provided by a director	-	1,334
Directors fees paid through the issuance of shares to directors	60,000	-
Consulting fees paid or accrued to a company controlled by a director and officer	52,381	-
Accounting fees paid or accrued to the CFO	12,000	-
Share-based payments for options issued to Officers and Directors	-	4,500
Total key management personnel compensation	$ 124,381	$ 140,501

Other Transactions with Related Parties

As at September 30, 2016 included in prepaid expenses and deposits is $60,382 paid in advance to a company controlled by a director and officer of the Company for consulting services (Note 12) and a rental deposit.

During the nine month period ended September 30, 2015, the Company entered into debt settlement agreements with officers and directors of the Company through which $500,000 in due to related parties was forgiven.

(Expressed in Canadian Dollars - Unaudited)

8. SHARE CAPITAL

Class A Common Shares

Authorized

Unlimited	Class A common shares without par value
1,500,000	Class B Series I preferred shares without par value
1,000,000	Class B Series II preferred shares without par value

Issued

6,735,885	Class A common shares without par value
NIL	Class B Series I preferred shares without par value
NIL	Class B Series II preferred shares without par value

Issued Capital:

On March 31, 2016, the Company closed a non-brokered private placement and issued 4,855,998 shares at $0.06 per share for cash proceeds of $291,360 of the shares issued. 4,089,332 common shares were issued for cash and 766,666 shares were issued to settle debt.

The Company entered into a Joint Venture agreement dated March 4, 2016 with 0829489 B.C. Ltd. ("Truevita") for the limited purpose of developing and commercializing Truevia's treatment for immune deficiency and high blood pressure. In connection with the agreement, the Company issued Truevita 300,000 common shares of the Company. The value of the shares was $4,500 and was included in office and miscellaneous expense for the period ended September 30, 2016.

To date, there has been no activity associated with the Joint Venture.

On September 16, 2016, 500,000 stock options were exercised at $0.24 per share for cash proceeds of $120,000.

Stock options and share based payments:

As at September 30, 2016, and December 31, 2015 the following stock options were outstanding and exercisable:

Expiry Date	Exercise Price $	September 30, 2016	December 31, 2015
July 3, 2017	3.00	833	833
December 21, 2017	3.00	5,000	5,000
April 4, 2018	3.00	3,333	3,333
March 7, 2019	3.00	4,167	4,167
Balance	**3.00**	**13,333**	**13,333**

As September 30, 2016, the outstanding and exercisable stock options had a weighted average remaining contractual life of 1.64 years (December 31, 2015 – 2.4 years). During the nine months ended

(Expressed in Canadian Dollars - Unaudited)

September 30, 2016, there were 500,000 options granted (year ended December 31, 2015 – 13,333). Stock option activity was as follows:

	September 30, 2016		December 31, 2015	
	Options Outstanding	Exercise Price $	Options Outstanding	Exercise Price $
Balance beginning of period	13,333	$ 3.00	122,500	$ 3.36
Expired/Cancelled	-	-	(122,500)	(3.66)
Granted	500,000	0.24	13,333	5.81
Exercised	(500,000)	0.24	-	-
Balance end of period	13,333	$ 3.00	13,333	$ 3.00

The fair value of share based awards is determined using the Black-Scholes Option Pricing model. The model utilizes certain subjective assumptions including the expected life of the option and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's stock options. The Company used the Black-Scholes Option Pricing Model for multiple stock option grants occurring in 2016 and 2015.

On September 14, 2016, the Company granted 500,000 stock options for consulting services provided. All stock options can be exercised at $0.24 per share for a period of five years and vested immediately. The fair value of the stock options was $139,628. On September 16, 2016, the agents exercised 500,000 options for proceeds of $120,000 of which $60,000 is outstanding in amounts receivable.

The assumptions used in the Black-Scholes Option Pricing Model for employees, directors and consultants were:

	September 30, 2016	**September 30, 2015**
Expected volatility	266%	299% - 308%
Risk free interest rate	0.62%	0.78% - 1.63%
Expected life in years	5	5
Grant date fair value per option	$0.28	$0.05 - $0.08
Forfeiture rate	0%	4%

Warrants:
As at September 30, 2016, and December 31, 2015, the following share purchase warrants were issued and outstanding:

Expiry Date	**Exercise Price $**	**30-September-2016**	**31-December-2015**
28-Feb-16	3.00	-	23,333
20-Mar-16	4.50	-	66,667
01-Oct-16	3.00	72,000	72,000
08-Oct-16	3.00	3,000	3,000
18-Oct-16	3.00	66,000	66,000
18-Oct-16	3.00	1,333	1,333
05-Nov-16	3.00	224,333	224,333
05-Nov-16	3.00	1,667	1,667
Balance	**3.00**	**368,333**	**458,333**

(Expressed in Canadian Dollars - Unaudited)

The warrants outstanding and exercisable at September 30, 2016, have a weighted average remaining contractual life of 0.07 years (2015 – 0.6 years). Warrant activity was as follows:

	September 30, 2016		December 31, 2015	
	Warrants Outstanding	**Exercise Price $**	**Warrants Outstanding**	**Exercise Price $**
Opening balance	458,333	$ 3.22	519,000	$ 3.68
Expired	(90,000)	4.11	(123,334)	5.24
Exercised	-	-	(4,000)	4.50
Issued	-	-	66,667	4.50
Closing balance	368,333	$ 3.00	458,333	$ 3.22

<u>EPS and diluted EPS</u>
Basic EPS is calculated by dividing the net income (loss) for the year by the weighted average number of common shares outstanding during the year.
Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of all potential dilutive common shares related to stock options, warrants, and convertible debentures issued by the Company.

	Nine months ended	
	September 30, 2016	**September 30, 2015**
Net income (loss for the period)	$ (396,880)	$213,329
Weighted average number of common shares (basic)	6,735,885	1,346,673
Effect of dilutive stock options	-	67,603
Effect of dilutive share purchase warrants	-	397,036
Weighted average number of common shares (diluted)	6,735,885	1,811,312
Basic earnings (loss) per share	$ (0.06)	$ 0.16
Fully diluted earnings (loss) per share	$ (0.06)	$ 0.12

9. CAPITAL DISCLOSURE

The Company considers its capital under management to be comprised of shareholders’ deficiency and any debt that it may issue. The Company’s objectives when managing capital are to continue as a going concern and to maximize returns for shareholders over the long term. The Company is not subject to any capital restrictions. There has been no change in the Company’s objectives in managing its capital.

10. FINANCIAL INSTRUMENTS AND RISK

As at September 30, 2016, the Company's financial instruments consist of cash, amounts receivable, trade payables and accrued liabilities, due to related parties, and a convertible notes.

The carrying value of amounts receivable, trade payables and accrued liabilities, and due to related parties approximate their fair values because of the short term nature of these instruments. The fair value of the convertible note is its face value of $61,000.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Liquidity Risk

Of the Company's financial liabilities, $299,563 are current trade payables and accrued liabilities, $62,950 is due on September 11, 2016 (Note 6), $268,374 is due on demand to related parties. The Company manages liquidly risk through management of its capital resources discussed above.

Foreign Exchange Risk

The Company is not exposed to foreign exchange risk on its financial instruments.

Interest Rate Risk

At September 30, 2016, the Company is not exposed to significant interest rate risk as its interest bearing debt is short term at fixed rates.

Fair Value

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

Cash is measured using level 1 fair value inputs.

11. SUPPLEMENTIAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flow.

During the nine months ended September 30, 2016, the Company had the following non-cash transactions;

a) Pursuant to the issuance of 4,000 common shares for warrants exercised during the prior year, the Company transferred $4,800 to share capital from shares committed for issuance.

b) Pursuant to the expiry of warrants, $3,807 was transferred to deficit from warrant and option reserve.

c) The Company issued 433,333 common shares for debt of $26,000 related to expenses incurred during the prior year and was included in trade payables and accrued liabilities.

During the nine months ended September 30, 2015, the Company had the following non-cash transactions:

a) The issuance of 1,180,000 units to settle $59,000 in debt to related parties (Note 7).
b) Recognition of a decrease to the derivative liability of $6,900 (Note 6).

12. COMMITMENT

On March 28, 2016 the Company signed a consulting agreement with Howe & Bay Financial Corp. ("Consultant"), a related company through a director and officer of the Company. The term of the agreement is for one year and the Company has agreed to pay the Consultant a base fee of $110,000 for services performed. In addition, the Company has agreed to pay the following finders' fees if applicable:

- a finder's fee of 8% for any capital raised through introduction from the Consultant;
- a finder's fee of 10% for any introduction that results in an asset acquisition or merger for three years after the introduction (calculated as 10% of the value of the total transaction); and
- a finder's fee of 1% for any introduction from the Consultant that results in debt financing.

The Company paid the base fee upfront and at year end $52,382 was included in prepaid expenses and deposits on the statement of financial position.

13. SUBSEQUENT EVENTS

a) Subsequent to year end, the Company completed a plan of arrangement (the "Arrangement") whereby the Company spun out its wholly owned subsidiary Cabbay Holding Corp. As per the Arrangement, the Company transferred its asset purchase agreement relating to its biotechnology assets for the development of therapies for fibrosis and erectile dysfunction to Cabbay Holding Corp. ("Cabbay"). In connection with the Arrangement, $435,360 of indebtedness was assigned to and assumed by Cabbay.

b) On July 26, 2016, the Company entered into a letter of intent (the "LOI") with Tower Three Wireless SAS ("Tower Three") to acquire all of the issued and outstanding membership interests of Tower Three (the "Transaction"). The Company will have until October 30, 2016 to conduct due diligence on Tower Three, with a view to negotiating the terms of a definitive agreement in order to complete the Transaction. On October 20, 2016, the Company entered into a binding arm's length share exchange agreement (the "Definitive Agreement").

Concurrent with the Transaction, the Company will issue 30,000,000 common shares of the Company at a deemed price of $0.10 per common share to the existing members of Tower Three on a pro-rata basis in exchange for a 100% ownership interest of all of the issued and outstanding membership interests of Tower Three.

The Transaction is subject to the Company completing an equity financing (the "Concurrent Financing") by way of a private placement of units (the "Units") to raise a minimum $1,500,000 and up to a maximum of $2,250,000 at an intended price of $0.15 per Unit. Each Unit will consist of one common share and one common share purchase warrant. Each full warrant will entitle the holder to purchase an additional common share at the price of $0.40 per share for a period of twelve months from the closing of the

Transaction. Should the Company's share price trade at $0.60 per share for 10 consecutive trading days then the Company will have the option to give notice to the warrant holders to accelerate the exercise of the warrants within 10 days or the warrants will expire. Subsequent to period end, the Company received gross proceeds of $827,830 on the issuance of 5,518,866 shares.

The parties acknowledge that the funds from the Concurrent Financing will be held in escrow and not released until the Canadian Securities Exchange ("CSE") approves the Transaction on such terms to be more particularly described in the definitive agreement. The Company may pay finder fees in connection with the Concurrent Financing which will not exceed: (i) a cash equivalent to 8% of the Concurrent Financing and (ii) such number of common share purchase warrants equivalent to 8% of the number of Units issued pursuant to the Concurrent Financing.

The Transaction is subject to a number of conditions precedent. Unless all of such conditions are satisfied or waived by the party for whose benefit such conditions exist, to the extent they may be capable of waiver, the Transaction will not proceed. The conditions are:

- board of directors' approval and shareholders' approval of the Transaction and other matters contemplated in the LOI to be obtained by the Company;
- approval of the Transaction and other matters contemplated by the LOI by the manager of Tower Three and the investment committee of the majority member of Tower Three, the approval of Tower Three's board of directors;
- completion of due diligence to the satisfaction of the parties, acting reasonably;
- all necessary regulatory approvals with respect to the Transaction and the Concurrent Financing having been obtained, including but not limited to the approval of the CSE and the other applicable securities regulatory authorities;
- the execution of the definitive agreement;
- completion of the Concurrent Financing; and
- cancellation of Tower Three's then outstanding options, share purchase warrants and any other securities exercisable or convertible into membership interests of Tower Three and/or any other security of Tower Three, if any.

After signing the definitive agreement, Tower Three may request that the Company loan up to $200,000 on a secured basis. The loan will bear interest at a rate of 10% per annum and the Company will be able to request repayment at any time after 180 days following the advance.

PACIFIC THERAPEUTICS LTD.

MANAGEMENTS'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Year Ended December 31, 2015

Overview

This Management Discussion and Analysis ("MD&A") has been prepared as of April 4, 2016 and the following information should be read in conjunction with Pacific Therapeutics Ltd.'s (the "Issuer", "Company") audited financial statements for the fiscal years ended December 31, 2015 December 31, 2014, December 31, 2013 and together with the notes thereto. The Issuer's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

On March 15, 2016, the Company completed a share consolidation on the basis of thirty pre-consolidation common shares for each post consolidation common share. Upon approval by the Canadian Securities Exchange the Company began trading under the existing symbol "PT" on March 15, 2016. As such, all current and comparative share amounts have been restated to account for the 30 to 1 common share consolidation.

This discussion contains forward-looking statements that involve certain risks and uncertainties. Statements regarding future events, expectations and beliefs of management and other statements that do not express historical facts are forward-looking statements. In this discussion, the words "believe", "may", "will", "estimate", "continue", "anticipate", "intend", "expect", "plan", "predict", "potential" and similar expressions, as they relate to the Issuer, its business and management, are intended to identify forward looking statements. The Issuer has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting the financial condition of the business. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Except as may be required by applicable law or stock exchange regulation, the Issuer undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements. If the Issuer updates one or more forward-looking statements, no inference should be drawn that additional updates will be made with respect to those or other forward-looking statements. Additional information relating to the Issuer, is available by accessing the SEDAR website at www.sedar.com.

Business Overview and Strategy

The Issuer is a development stage specialty pharmaceutical company. The Issuer was focused on developing late stage clinical therapies and in-licensed novel compounds for Fibrosis, Erectile Dysfunction (ED) and other indications. The Issuer's lead compound for Fibrosis, PTL-202 is a combination of already approved drugs which have well established safety profiles. PTL-202 has completed a phase 1 drug/ drug interaction clinical trial. The Issuer's lead product for Erectile Dysfunction PTL-2015 is an oral dissolving version of a top selling therapy for ED. PTL-2015 has completed a pilot bioavailability study in humans.

With the sale of its technology assets (related to fibrosis and erectile dysfunction) to Forge Therapeutics Inc., the Company's main asset will be the 15,000,000 common shares that Forge has committed to issue to the Company.

The Company will look at other opportunities for growth. As a subsequent event to the year end, it has entered into a 50-50 joint-venture to develop an early stage immune boosting herbal supplement, BP120, with Truevita Supplements on March, 2016. This herbal supplement is aimed at the treatment of immune deficiency and hypertension.

The Issuer will continue to operate virtually, outsourcing all non-core activities such as pre-clinical research and clinical trials and manufacturing. The Issuer will continue to build core skills in managing clinical development of therapies, licensing and commercialization.

However, lack of interest in financing an early stage junior public company, the Company may be forced into partnering to help finance the development of BP120.

Overall Performance

The Issuer's plan is to continue to operate virtually, outsourcing all non-core activities such as pre-clinical research and clinical trials and manufacturing. Also given the company's inability to secure significant financing to move forward with its product candidates the company is looking into alternative solutions to maintain shareholder value as well as move the product candidates forward.

Corporate Highlights

During the twelve months of 2015 the Issuer accomplished the following:

- On January 6, completed a phase 1 trial of its PTL-202, with positive results and is advancing its sublingual formulation for erectile dysfunction (ED) to a pivotal bioequivalence trial.
- On January 6, The Company announced that it had secured DTC eligibility by The Depository Trust Company (DTC) for its shares traded in the United States under the symbol PCFTF.
- On February 2, 2015 the company issued a total of 13,333 options to purchase common shares to a director and a consultant under the 2014 stock option plan as approved at the Company's previous annual general meeting.
- On April 1, 2015 received regulatory approval to re-price Warrants outstanding as at March 30, 2015 (the "Warrants") to an exercise price of $0.90 for a period of 30 days.
- On April 10, 2015 the United States Patent Office (PO) has issued a Notice Of Allowability for the Company's patent application, Compositions and Methods for Treating fibroproliferative Disorders.
- On April 22, 2015 the Board approved the appointment of Davidson & Company LLP, Chartered Accountants as successor auditor.
- On April 28, 2015, received regulatory approval to extended the time frame to exercise the previously announced re-pricing of Warrants outstanding as at March 30, 2015 to an exercise price of $0.90 to May 15, 2015.
- On May 19, 2015 has signed a binding letter of intent (LOI) with Pilotage South Corp. of Wyoming to sell the Company's technology assets for the development of therapies for fibrosis (PTL-202) and erectile dysfunction (ED) (PTL-2015). In return for the assets Pilotage or its assignee will issue to the Company a note for 15,000,000 common shares of Pilotage or its assignee. In addition on the sale of the Company's therapeutic assets to a third party, the Company will receive 6% of the value of that transaction. Pilotage will pay to the Company an annual maintenance fee of $50,000. Pilotage or assignee will also assume up to $500,000 of debt owed to officers and directors of the Company clearing these liabilities from the Company's balance sheet.
- On June 1, 2015 the United States Patent Office (USPO) has issued United States Patent No. 9029385 for the Company's patent application, Compositions and Methods for Treating Fibroproliferative Disorders.

- On July 24, 2015 has signed a definitive agreement with Forge Therapeutics Inc. of Wyoming to sell the Company's technology assets in the area of the development of therapies for fibrosis and ED. Only assets related to the fibrosis and ED drug development programs are being sold.

- On August 25, 2015 at the AGM Derick Sinclair, Brian Gusko and Neil Cox were elected as the board of directors. Prior to the meeting Mr. Doug Unwin resigned as the Company's President and CEO. At a board meeting immediately following the AGM the new board elected Brian Gusko as its Chairman, appointed Neil Cox as Corporate Secretary, and Derick Sinclair became the Company's President, CEO and CFO.

- On November 17, 2015, Mr. Neil Cox resigned as a Director.

- On March 30, 2016, Derick Sinclair resigned as President and CEO and appointed Robert (Nick) Horsley as President and CEO. Derick Sinclair remains as a director and CFO.

- On March 2, 2016, Christine Mah was appointed to the Board of Directors.

Selected Financial Information

The financial information reported here has been prepared in accordance with IFRS. The Issuer uses the Canadian dollar (CDN) as its reporting currency.

Selected audited financial data for operations of the Issuer for the year ended December 31, 2015, December 31, 2014 and December 31, 2013 is presented below:

Selected Statement of Operations Data

Period ended	**FYE 2015 (IFRS)**	**FYE 2014 (IFRS)**	**FYE 2013 (IFRS)**
Total revenues	$Nil	$Nil	$Nil
Net and Comprehensive income (loss)	$179,673	$(693,645)	$(740,846)
Basic and diluted loss per share	$0.13	$(0.56)	$(0.90)
Weighted average shares	1,351,500	1,248,561	818,731

The Company realized net income of $179,673 due to a one-time $535,077 forgiveness of debt, which was assigned to Forge Therapeutics Inc. Its operating losses for FYE 2015, were significantly lower from FYE 2014, primarily due to across the board reduction in operating expenses. Significant savings were realized in reduced share based payments, professional fees, wages and advertising/promotion.

Selected Statement of Financial Position Data

Period ended	**FYE 2015 (IFRS)**	**FYE 2014 (IFRS)**	**FYE 2013 (IFRS)**
Cash	Nil	$1,513	$180,692
Current Assets	$14,695	2,825	224,688
Property and equipment	Nil	Nil	2,443
Intangible Assets	Nil	64,490	59,913
Total assets	**$14,696**	**67,315**	**287,004**
Current liabilities	$624,106	943,076	727,188
Non-Current liabilities	Nil	Nil	Nil
Total liabilities	**$624,106**	**943,076**	**727,188**
Working Capital	**$(609,411)**	**$(940,251)**	**$(502,500)**

Cash decreased by $1,513 to Nil in FYE 2015 as compared to $179,179 in FYE 2014. Current assets increased by $11,840 in FYE 2015 to $14,696 from $2,825 in FYE 2014 but decreased by $221,863 in FYE 2014 from FYE 2013.

Current liabilities decreased by $318,970 in FYE 2015 from $943,076 in FYE 2014 and increased by $215,888 in FYE 2014 from FYE 2013. The overall significant decrease in current liabilities in FYE 2015 compared to FYE 2014 contributed to reduction in working capital deficit of $330,840. This offset the decline in current assets. The decrease in current assets, in particular a major decline in cash position in 2014, and a significant increase in current liabilities contributed to a $437,751 increase in the working capital deficit in FYE 2014 from FYE 2013.

Summary of Quarterly Results

	December 31, 2015 $	**September 31, 2015 $**	**June 30, 2015 $**	**March 31, 2015 $**	**December 31, 2014 $**	**September 31, 2014 $**	**June 30, 2014 $**	**March 31, 2014 $**
Total Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(33,656)	427,540	(100,306)	(113,905)	(234,287)	(135,543)	(149,592)	(174,225)
Loss per Share basic and diluted	(0.00)	0.01	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)

Cash	(141)	(120)	631	944	1,513	8,370	1,905	10,220
Total Assets	14,696	21,292	65,953	65,473	67,315	87,769	81,660	122,296
Non-Current Liabilities	Nil	Nil	Nil	973,141	Nil	Nil	Nil	Nil

Results of Operations

	2015	2014	Change	Change
	$	$	$	%
Gain on debt forgiveness	535,077	Nil		
Research and Development	Nil	Nil	Nil	Nil
Wages and Benefits	106,667	160,947	(54,280)	-34%
Professional Fees	85,486	168,490	(83,004)	-49%
Advertising and Promotion	22,386	67,923	(45,537)	-67%
Investor Relations	Nil	25,075	(25,075)	-100%
Share based Payments	11,998	152,028	(140,030)	-92%
General and Administrative	41,370	61,786	(20,416)	-33%
Insurance	9,707	30,194	(20,487)	-68%
Rent and Occupancy	3,172	14,543	(11,371)	-78%
Bank Charges and Interest Expense	4,077	10,047	(5,970)	-59%
Other expense	70,541	2,612	67,929	2600%
Net and Comprehensive income (loss)	$179,673	$(693,645)	$(873,318)	126%

	2014 $	2013 $	Change $	Change %
Revenue	Nil	Nil	Nil	Nil
Research and Development	Nil	Nil	Nil	Nil
Wages and Benefits	160,947	157,917	3,030	2%

Professional Fees	168,490	178,947	(10,457)	-6%
Advertising and Promotion	67,923	187,511	(119,588)	-64%
Investor Relations	25,075	61,250	(36,175)	-59%
Share based Payments	152,028	42,192	109,836	260%
General and Administrative	61,786	29,899	31,887	107%
Insurance	30,194	22,461	7,733	34%
Rent and Occupancy	14,543	13,284	1,259	9%
Bank Charges and Interest Expense	10,047	34,854	(24,807)	-71%
Other expense	2,612	12,528	(12,528)	-100%
Net and Comprehensive loss	$(693,645)	$(740,846)	$(49,812)	-59%

The Issuer's net income for the year ended December 31, 2015, totalled $179,673 or $0.13 per share (FYE 2014, $693,645 or $(0.56) per share; FYE 2013, $740,846 or $0.90 per share). The main contributor to the Net Income in FYE 2015 compared to the loss in FYE 2014 is the a non-operating gain from the forgiveness of $535,077 of debt, decrease in advertising and promotion, and investor relations. The main contributor to the increased loss in 2014 compared to FYE 2013 is a significant decrease in advertising and promotion.

Revenues

The focus of management during fiscal 2015 was on preparing for further clinical trials of PTL-202 and PTL-2015 and then on selling its technology assets to Forge Therapeutics Inc.

The Issuer has no drug therapies approved or for sale and has not generated any revenue from the sale of drug therapies. The Issuer has not recognized any revenue since inception through December 31, 2015. The Issuer does not expect to receive any revenues until after the completion of the clinical trials for its herbal supplement BP120 except for an annual maintenace fee of $50,000 from Forge.

Research & Development Expense

Research and development expense consists primarily of salaries for management of research contracts and research contracts for pre-clinical studies, clinical studies and assay development as well as the development of clinical trial protocols and application to government agencies to conduct clinical trials, including consulting services fees related to regulatory issues and business development expenses related to the identification and evaluation of new drug candidates. Research and development costs are expensed as they are incurred.

From inception through to December 31, 2015, the Issuer incurred total expenses in the development of its intellectual property of $1,924,739 , which includes $554,712 of research and development expenses (research and development expenses on the financial statements have been offset by $53,277 in IRAP funding and $193,935 in SR&ED tax credits), $161,394 of professional fees and $1,208,633 of wages and benefits.

	Year ended December 31, 2015	**Year ended December 31, 2014**	**Year ended December 31, 2013**
Research and Development Expenses			
Personnel, Consulting, and Stock-based Compensation	$Nil	$Nil	$Nil
License Fees and Subcontract research	$Nil	$Nil	$Nil
Facilities and Operations	$Nil	$Nil	$Nil
Less: Government contributions	$Nil	$Nil	$Nil
Total	**$Nil**	**$Nil**	**$Nil**

The lack of research expense in 2015, 2014 and 2013 is due to a lack of funds to conduct clinical trials on PTL-202.

Additional financing will be required to undertake some initial development work as part of its joint venture with Truevita. There is no assurance that such financing will be available or that the Issuer will have the capital to complete this proposed development and commercialization.

The Issuer was able to complete the formulation, drug/drug interaction study of PTL-202, analyzing the blood samples and analyzing the data from the drug/drug interaction trial in 2012 as planned. No further work on PTL-202 or its ED drugs will be undertaken, now that the asset is owned by Forge Therapeutics Inc. The Issuer's clinical development studies on BP120 are subject to risks and uncertainties that may significantly impact its expense estimates and development schedules, including:

- the scope, rate of progress and cost of the development of BP120;
- the issuers ability to enroll subjects in clinical trials for current and future studies;
- the Issuer's ability to raise additional capital; and
- the expense and timing of the receipt of regulatory approvals.

General and Administrative Expenses

General and administrative costs consist primarily of personnel related costs, non-intellectual property related legal costs, accounting costs and other professional and administrative costs associated with general corporate activities.

Now PTL-202 and PTL-2015 clinical and development costs will be managed by Forge Pharmaceuticals, general and administrative expenses will be expected decrease.

Intellectual Property and Intangible Assets

All license and option fees paid to licensors for intellectual property licenses are capitalized to intangible assets on the Issuer's financial statements. In addition, any expenses for intellectual property protection including patent lawyers services fees, and any filing fees with government agencies or the WIPO are capitalized to intangible assets. Now that its technology patents have been assigned to Forge Pharmaceuticals, patent costs are expected to decrease in the next twelve months.

Interest Income

Interest income consists of interest earned on the Issuers cash and cash equivalents. There was interest income in 2015 of $Nil (2014 - $Nil, 2013 – $Nil).

Profits

At this time, the Issuer is not anticipating profit from operations. Until such time as the Issuer is able to realize profits from the out licensing of products under development, the Issuer will report an annual deficit and will rely on its ability to obtain equity/or debt financing to fund on-going operations. For information concerning the business of the Issuer, please see "*Business Overview and Strategy*".

Liquidity and Capital Resources and Outlook

The Issuer is a development stage company and therefore has no regular cash inflows. Selected financial data pertaining to liquidity and capital resources the fiscal years ended December 31, 2015 and December 31, 2014, are presented below.

Period ended	**2015 $**	**2014 $**	**$ Change between two years**	**%Change between two years**
Cash and Cash Equivalents	Nil	1,513	(1,513)	-100%

Current Assets	14,696	2,825	11,871	420%
Current Liabilities	624,106	943,076	(318,970)	-34%
Working Capital	(609,410)	(940,251)	330,841	35%
Accumulated deficit	3,537,239	3,955,537	418,298	11%
Cash used in operations	161,460	366,769	(205,309)	-56%
Cash flows from financing Activities	165,376	197,785	(32,409)	-16%
Interest Income	Nil	Nil	Nil	Nil

Period ended	2014 $	2013 $	$ Change between two years	%Change between two years
Cash and Cash Equivalents	1,513	180,692	-179,179	-99%
Current Assets	2,825	224,688	-221,863	-99%
Current Liabilities	943,076	727,188	215,888	30%
Working Capital	-940,251	-502,500	-437,751	87%
Accumulated deficit	3,955,537	3,263,058	692,479	21%
Cash used in operations	366,769	546,866	-180,097	-33%
Cash flows from financing Activities	197,785	731,273	-533,488	-73%
Interest Income	Nil	Nil	Nil	Nil

At December 31, 2015, the Issuer had cash and cash equivalents of $0 (FYE 2014 - $1,513) and working capital deficiency of $(609,411) (FYE 2014 – $(940,251)). Working capital is calculated as current assets less current liabilities.

Cash and cash equivalents decreased by $1,513 between FYE 2015 and FYE 2014 due to a decrease in financing during the year and the Company incurring operating expenses.

Working Capital decreased by $179,179 from FYE 2013 to FYE 2014 due to a decrease in financing during the year. Total liabilities increased by $215,888 for the FYE December 31, 2014 when compared to the total liabilities at FYE 2013. The Issuer's cash inflows from financing activities comprised proceeds from common share issuances, cash share subscriptions received, the repayment of a convertible note, a new convertible note and amounts loaned to the Company from shareholders during FYE 2014 totaling $197,785 The Issuer's cash inflows from financing activities comprised proceeds from common share issuances, and amounts loaned to the Company from shareholders during FYE 2013 totalling $731,273. Cash from financing activities decreased by $533,488 between FYE 2014 and FYE 2013.

Cash utilized in operating activities during FYE 2015 was $161,460 (FYE 2014 - $366,769 FYE 2013 - $546,866). The decrease in cash utilized in operations during 2015 as compared to 2014 was due to a gain resulting on forgiveness of debt, decrease in advertising and promotion, investor relations and professional fees. The decrease in cash utilized in operations during 2014 as compared to 2013 was due to a decrease in advertising and promotion, bank charges and interest, investor relations and professional fees. This decrease was offset by an increase in expenses for insurance, convertible note accretion and interest and transfer agent fees.

At December 31, 2015, share capital was $2,800,010 comprising 1,365,887 issued and outstanding common shares and Nil issued and outstanding preferred shares (FYE 2014 - $2,760,010 comprising 1,299,221 issued and outstanding common shares and Nil issued and outstanding preferred shares). The Issuer intends to issue additional shares increasing its share capital to fund future research and development and operations.

Contributed surplus, which arises from the recognition of the estimated fair value of stock options and warrants, was for $121,939 for FYE 2014 (FYE 2014 -$289,766).

As a result of the Net Income for FYE 2015 of $179,673 (FYE 2014 of $(693,645), FYE 2013 of $(740,846)), the deficit at December 31, 2015 decreased to $3,537,239 from $3,955,537 at December 31, 2014.

During the FYE 2015, the Issuer's net cash provided by financing activities decreased to $165,376 (FYE 2014 - $197,785, FYE 2013 - $731,273).

At present, the Issuer's operations do not generate cash inflows and its financial success after 2014 is dependent on management's ability to continue to obtain sufficient funding to sustain operations through the development stage and successfully bring the Issuer's technologies to the point that they may be out licensed so that the Issuer achieves profitable operations. The research and development process can take many years and is subject to factors that are beyond the Issuer's control.

In order to finance the Issuer's future research and development and to cover administrative and overhead expenses in the coming years the Issuer may raise money through equity sales. Many factors influence the Issuer's ability to raise funds, including the Issuer's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of research activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. Should those risks fully materialize, it may not be able to raise adequate funds to continue its operations.

Off Balance Sheet Arrangements

The Issuer is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Issuer's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

Transactions with Related Parties

Transactions with related parties are in the normal course of operations and are measured at the exchange amount, which is the consideration agreed to by the parties. During the years ended December 31, 2015, December 31, 2014, December 31, 2013, the Issuer entered into the following transactions with related parties:

- The Issuer incurred consulting and accounting fees for the year ended December 31, 2015, to a company controlled by its CFO, in the amount of $31,500 (FYE 2014 - $36,600, FYE 2013 – $34,500];
- The Issuer incurred legal fees from a consultant and director of the Issuer in the amount of $1,334 for the year ended December 31, 2015, (FYE 2014 - $3,121, FYE 2013 – $8,575];
- The Issuer incurred salaries, paid to the former CEO of $106,667 (FYE 2014 - $160,000, FYE 2013 - $155,000)
- Share based payments to directors of the company in the amount of $4,500 for the year ended December 31, 2015 [FYE 2014 – $67,835, FYE 2013 - $32,824];
- During FYE 2015 the Company issued 39,333 common shares and warrants to settle $59,000 of outstanding debt owing to officers and directors of the Company [FYE 2014 - $50,000, FYE 2013– $24,000].
- During the year ended December 31, 2015, the Company entered into debt settlement agreements with officers and directors of the Company through which $535,077 in due to related parties was forgiven.

There are no amounts due to the Issuer from companies that have directors in common with the Issuer or have a partner who is a director of the Issuer.

There were no amounts due to the Issuer from shareholders in either fiscal year.

Fourth Quarter

The table below sets out the unaudited quarterly results for the fourth quarter ending December 31, 2015, December 31, 2014 and December 31, 2013.

(unaudited)	**2015 Q4**	**2014 Q4**	**2013 Q4**
Total Expenses	$43,992	$231,446	$308,767
Research and Development	$Nil	$Nil	$Nil

Net Loss	(33,656)	$(234,284)	$(308,767)
Loss per share	$(0.00)	$(0.01)	$(0.01)

The net loss in the fourth quarter of 2015 of $33,656 decreased compared to the fourth quarter of 2014, $234,284 and decreased from $308,767 in the fourth quarter of 2013. The decrease in net loss in the fourth quarter ended December 31, 2015 was due to a major decrease in advertising and promotion, bank charges and interest and professional fees as the Company ceased development and awareness work now that Forge has acquired the technology assets.

The Issuer does not anticipate earning any revenue in the foreseeable future.

Net loss, quarter over quarter is influenced by a number of factors including the scope and stage of clinical development and research. Consequently, expenses may vary from quarter to quarter. General and administrative expenses are dependent on the infrastructure required to support the clinical and business development activities of the Issuer. A material increase in research and development as well as general and administrative costs is anticipated over the short term, as the Issuers research and development and regulatory activities increase

During the fourth quarter the Issuer, issued Nil common shares for total proceeds of $Nil [Q4 2014 - $Nil, Q4 2013 - $500,431].

Proposed Transactions

As at the date of this MD&A, there are no business or asset acquisitions or dispositions proposed other than those in the ordinary course of business before the Board for consideration.

Critical Accounting Estimates

The Issuer's accounting policies are presented in Note 3 of the December 31, 2015 audited financial statements. The preparation of financial statements in accordance with IFRS requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations. These include:

- the assumptions used for the determinations of the timing of future income tax events
- the carrying values of intangible assets, technology license and patents, and other long lived assets
- the valuation of stock-based compensation expense
- the carrying value of a derivative liability

Financial Instruments

The Issuer's financial instruments consist of cash and cash equivalents, trades payable and accrued liabilities, , balances due to related partie , the liability portion of the convertible note, and the derivative component of the convertible note. Unless otherwise noted, it is management's opinion that the Issuer is not exposed to significant interest, currency or credit risks arising from these financial instruments. Cash and cash equivalents amounts are classified as fair value through profit or loss and due to related parties and the liability portion of the convertible note are classified as financial liabilities and are carried at amortized cost. The derivative liability is carried at fair value with re-measurement to fair value at the end of each reporting period. The fair value of cash and cash equivalents, and accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity or capacity for prompt liquidation.

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Issuer does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency rates. It is the opinion of management that the foreign exchange risk to which the Issuer is exposed is minimal.

Limitations of Controls and Procedures

The Issuer's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Issuer have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Other MD&A Requirements

Additional Information in Relation to the Issuer

Additional information relating to the Issuer may be found in the Issuer's audited financial statements for the fiscal years ended December 31, 2015, December 31, 2014 and December 31, 2013.

Additional Disclosure for Venture Issuers

The following table sets forth certain financial information for the Issuer, which has been derived from the Issuer's financial statements for the years ended December 31, 2015, December 31, 2014, and December 31, 2013. This summary should be read in conjunction with the Issuer's financial statements, including the notes thereto.

The following table details the Issuer's expenditures for the fiscal years ended December 31, 2015, December 31, 2014 and December 31, 2013:

Expenditures	**Year ended December 31, 2015**	**Year ended December 31, 2014**	**Year ended December 31, 2013**
Net research costs expensed	$Nil	$Nil	$Nil
Professional Fees	85,486	168,490	178,947
Advertising and promotion	22,386	67,923	187,511
Investor Relations	Nil	25,075	61,250
Wages and benefits	106,667	160,947	157,916
Corporate costs	47,854	106,094	77,419
Depreciation and amortization	Nil	6,834	7,129
Interest expense (income)	10,472	11,872	16,861
Share based compensation	11,998	152,028	42,192
Loss on derivative liability	Nil	Nil	(30,889)
Write –off of license	Nil	Nil	42,510
Recovery of future income taxes	Nil	Nil	Nil
Net and Comprehensive Income/ (Loss)	**179,673**	**$(693,645)**	**$(740,846)**

Additional Disclosure for Venture Issuers Without Significant Revenue

Expensed Research and Development Costs

	Year ended December 31, 2015	**Year ended December 31, 2014**	**Year ended December 31, 2013**
Research and Development Expenses			
Personnel, Consulting, and Stock-based Compensation	$Nil	$Nil	$Nil
License Fees and Subcontract research	$Nil	$Nil	$Nil
Facilities and Operations	$Nil	$Nil	$Nil
Less: Government contributions	$Nil	$Nil	$Nil
Total	**$Nil**	**$Nil**	**$Nil**

Subsequent Events

- On February 1, 2016 the Company announced it appointed Robert "Nick" Horsley to the Board of Directors.

- On March 7, 2016 the Company announced it entered into a joint-venture to develop an early stage immune boosting herbal supplement with TrueVita Supplements.

- On March 15, 2016, the Company completed a share consolidation on the basis of thirty pre-consolidation common shares for each post consolidation common share. Following the Consolidation, it is anticipated that the Company will have approximately 1,379,887 common shares issued and outstanding, and continue to trade on the Canadian Securities Exchange under the existing symbol "PT".

- On March 30, 2016 completed a private placement of 4,855,998 shares at $0.06 per share for gross proceeds of $291,360.

- On March 30, 2016, the Company appointed Robert "Nick" Horsley as the chief executive officer, replacing Derick Sinclair who will remain a director and chief financial officer.

Proposed Transactions

As at the date of this MD&A there are no transactions currently contemplated by the Issuer.

Disclosure of Outstanding Share Data

As at December 31, 2015, the Issuer had an unlimited number of authorized common shares with 1,365,887 common shares issued and outstanding.

As at December 31, 2015 the issuer had 13,333 (December 31, 2014 – 122,500; December 31, 2013 – 63,333) options outstanding. The 13,333 options entitles the holder to purchase corresponding common shares at a weighted average exercise price of $5.81 and expiry dates range from July 3, 2017 to March 2, 2019.

The table below provides information concerning the designation and number of each class of equity securities for which there are securities outstanding as of the dates noted below:

Type of Security	**Year ended December 31, 2015** (1)	**Year ended December 31, 2014** (1)	**Year ended December 31, 2013** (1)
Common Shares	1,365,887	1,299,221	1,248,554
Preferred Shares Series I (2)	Nil	Nil	Nil

Type of Security	Year ended December 31, 2015 (1)	Year ended December 31, 2014 (1)	Year ended December 31, 2013 (1)
Preferred Shares Series II (3)(4)	Nil	Nil	Nil
Options	13,333	122,500	63,333
Outstanding Warrants	458,333	519,000	607,328
Total	**1,837,553**	**1,940,721**	**1,919,215**

PACIFIC THERAPEUTICS LTD.

MANAGMENTS'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Nine-Months Ended September 30, 2016

Overview

This Management Discussion and Analysis ("MD&A") has been prepared as of November 29, 2016 and the following information should be read in conjunction with the Pacific Therapeutics Ltd (the "Issuer", the "Company", "PT") un-audited financial statements for the quarter ended September 30, 2016 and the audited financial statements dated December 31, 2015 together with the notes thereto. The Issuer's financial statements for the period have been prepared in accordance with International Financial Reporting Standards (IFRS).

This discussion contains forward-looking statements that involve certain risks and uncertainties. Statements regarding future events, expectations and beliefs of management and other statements that do not express historical facts are forward-looking statements. In this discussion, the words "believe", "may", "will", "estimate", "continue", "anticipate", "intend", "expect", "plan", "predict", "potential" and similar expressions, as they relate to the Issuer, its business and management, are intended to identify forward looking statements. The Issuer has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting the financial condition of the business. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Except as may be required by applicable law or stock exchange regulation, the Issuer undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements. If the Issuer updates one or more forward-looking statements, no inference should be drawn that additional updates will be made with respect to those or other forward-looking statements. Additional information relating to the Issuer, is available by accessing the SEDAR website at www.sedar.com.

Business Overview and Strategy

The Issuer is a development stage specialty pharmaceutical company. The Issuer was focused on developing late stage clinical therapies and in-licensed novel compounds for Fibrosis, Erectile Dysfunction (ED) and other indications. The Issuer's lead compound for Fibrosis, PTL-202 is a combination of already approved drugs which have well established safety profiles. PTL-202 has completed a phase 1 drug/ drug interaction clinical trial. The Issuer's lead product for Erectile Dysfunction PTL-2015 is an oral dissolving version of a top selling therapy for ED. PTL-2015 has completed a pilot bioavailability study in humans.

With the sale of its technology assets (related to fibrosis and erectile dysfunction) to Forge Therapeutics Inc., the Company's main asset will be the 15,000,000 common shares that Forge has committed to issue to the Company.

The Company will look at other opportunities for growth. In March 2016, the Company entered into a 50-50 joint-venture to develop an early stage immune boosting herbal supplement, BP120, with Truevita Supplements on March, 2016. This herbal supplement is aimed at the treatment of immune deficiency and hypertension.

The Issuer will continue to operate virtually, outsourcing all non-core activities such as pre-clinical research and clinical trials and manufacturing. The Issuer will continue to build core skills in managing clinical development of therapies, licensing and commercialization.

However, lack of interest in financing an early stage junior public company, the Company may be forced into partnering to help finance the development of BP120.

Overall Performance

The Issuer's plan is to continue to operate virtually, outsourcing all non-core activities such as pre-clinical research and clinical trials and manufacturing. Also given the Company's inability to secure significant financing to move forward with its product candidates the company is looking into alternative solutions to maintain shareholder value as well as move the product candidates forward.

Corporate Highlights

During the third quarter of 2016 the Issuer accomplished the following:

- The Issuer has entered into a binding arm's length share exchange agreement (the "Definitive Agreement") with Tower Three SAS ("Tower Three"), pursuant to which PT will acquire all of the is issued and outstanding securities (the "Tower Three Shares") of Tower Three (the "Transaction"), as more particularly described below. The Transaction was initially announced in a PT news release dated August 2, 2016, indicating that PT and Tower Three had entered into a letter of intent in respect of the Transaction.

- The Issuer announced that the previously announced plan of arrangement (the "Arrangement") with Cabbay Holdings Corp. has completed. The Company set the effective date for the Arrangement with Cabbay Holdings Corp. as October 3, 2016 and set the share distribution record date for the Arrangement as March 11, 2016, which is the record date for shareholders of the Company to receive shares pursuant to the Arrangement. In connection with the Arrangement, $435,360 of indebtedness was assigned to and assumed by Cabbay Holdings Corp, a wholly owned subsidiary of Pacific Therapeutics Ltd.

- The Issuer announced changes to the previously announced (August 2, 2016) private placement in connection with the Transaction with Tower Three. The minimum raise from the equity financing will increase from $750,000 to $1,500,000 and the maximum raise will increase from $1,500,000 to $2,250,000 at an intended price of $0.15 per Unit.

Selected Financial Information

The financial information reported here has been prepared in accordance with IFRS. The Issuer uses the Canadian dollar (CDN) as its reporting currency. Selected un-audited financial data for interim operations of the Issuer for the three and three months ended September 30, 2016 and September 30, 2015 is presented below:

Selected Statement of Operations Data

Period ended	**Three Months ended September 30, 2016 (1)**	**Three Months ended September 30, 2015 (1)**	**Nine Months ended September 30, 2016 (1)**	**Nine Months ended September 30, 2015 (1)**
Total revenues	$Nil	$Nil	$Nil	$Nil
Net and Comprehensive gain (loss)	$(195,248)	$427,540	$(396,880)	$213,329
Basic gain (loss) per share	$(0.03)	$0.31	$(0.06)	$0.16
Diluted gain (loss) per share	$(0.03)	$0.31	$(0.06)	$0.16
Weighted average shares	6,735,885	1,365,894	6,735,885	1,346,673

(1) Financial data for the quarter prepared using IFRS

The net loss from operations of $195,248 for the three months ended September 30, 2016 increased when compared to the earnings from operations of $427,540 for the three months ended September 30, 2015 due to debt forgiveness and loss on disposition of intellectual property.

Selected Balance Sheet Data

Period ended	**September 30, 2016 (1)**	**December 31, 2015(1)**
Cash	$ 57,717	$ -
Current assets	190,084	14,695
Patents & Licenses (net of amortization)	Nil	Nil
Other receivable	1	1
Total Assets	190,085	14,696

Current liabilities	630,887	624,106
Non-Current liabilities	Nil	Nil
Total liabilities	630,887	624,106
Working Capital	$ (440,803)	$ (609,411)

(1) Financial data for the quarter prepared using IFRS

Cash increased in the first Nine months to $57,717 at September 30, 2016 from an overdraft of $141 at December 31, 2015.

Comparison of the Quarters ending September 30, 2016 and September 30, 2015

Revenues

The Issuer has no drug therapies approved or for sale and has not generated any revenue from the sale of drug therapies. The Issuer has not recognized any revenue since inception through September 30, 2016. The only revenue the Issuer expects to receive are maintenance fees from Forge Therapeutics Inc. as stated in the asset Purchase agreement with Forge.

Expenses

The net loss from operations for the three months ended September 30, 2016 was net loss $195,248 (September 30, 2015 – net income $427,540) due to debt forgiveness and loss on disposition of intellectual property.

Operating costs for the three months ended September 30, 2016 were $195,248 (September 30, 2015 - $46,463) unfavourable variance of $148,785. The increase in costs are primarily due to a general increase in activity as the Company focused on completing the transaction with Cabbay Holdings Corp as noted in overall performance above.

Research & Development Expense

Research and development expense consists primarily of salaries for management of research contracts and research contracts for pre-clinical studies, clinical studies and assay development as well as the development of clinical trial protocols and application to government agencies to conduct clinical trials, including consulting services fees related to regulatory issues and business development expenses related to the identification and evaluation of new drug candidates. Research and development costs are expensed as they are incurred.

General and Administrative Expenses

General and administrative costs consist primarily of personnel related costs, non-intellectual property related legal costs, accounting costs and other professional and administrative costs associated with general corporate activities.

During the three months ended September 30, 2016 total general and administrative costs were $195,248 (September 30, 2015 - $46,463) an increase of $148,785. The increased loss is primarily due to an increase in insurance of $6,021, office and miscellaneous of $317, transfer agent fees of $1,388, professional fees of $33,711 in the three month period ended September 30, 2016. These increases were offset by decreases in interest on convertible note of $33,476, bank charges of $620 and other expenses.

Now PTL-202 and PTL-2015 clinical and development costs will be managed by Forge Pharmaceuticals, general and administrative expenses will be expected to decrease.

Intellectual Property and Intangible Assets

All license and option fees paid to licensors for intellectual property licenses are capitalized to intangible assets on the Issuer's financial statements. In addition, any expenses for intellectual property protection including patent lawyers services fees, and any filing fees with government agencies or the WIPO are capitalized to intangible assets. Now that its technology patents have been assigned to Forge Pharmaceuticals, patent costs are expected to decrease in the next twelve months.

Interest Expense/(Income)

The net interest expense in the three months ended September 30, 2016 was $1,830 (September 30, 2015 – ($31,646). The interest expense decrease was due to the convertible loan.

Profits

At this time, the Issuer is not anticipating profit from operations. The Issuer will report an annual deficit and quarterly deficit and will rely on its ability to obtain equity/or debt financing and maintenance fees from the Asset Purchase Agreement to fund on-going operations. For information concerning the business of the Issuer, please see "*Business Overview and Strategy*".

Stock Based Compensation

For the three months ended September 30, 2016 stock based compensation was $139,628 (September 30, 2015 – $nil).

Selected Quarterly Information

	September 30, 2016 $	June 30, 2016 $	March 31, 2016 $	December, 31, 2015 $	Sept 30, 2015 $	June 30, 2015 $	March 31, 2015 $	December 31, 2014 $
Total Revenues	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Net Gain/(Loss)	**(195,248)**	**(157,359)**	**(44,273)**	**(33,656)**	**427,540**	**(100,306)**	**(113,905)**	**(234,287)**
Gain/(loss) Loss per Share basic and diluted	**(0.03)**	**(0.03)**	**(0.01)**	**(0.00)**	**0.010**	**(0.00)**	**(0.00)**	**(0.01)**
Cash	**57,717**	**9,890**	**245,289**	**(141)**	**(120)**	**631**	**944**	**1,513**
Total Assets	**190,085**	**110,725**	**259,985**	**14,696**	**21,292**	**65,953**	**65,473**	**67,315**
Non-Current Liabilities	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**973,141**	**Nil**

Liquidity and Capital Resources

At September 30, 2016, the Issuer had cash of $57,717 (December 31, 2015 – ($141)) and a working capital deficit of $440,802 (December 31, 2015 – deficit $609,411). Working capital is defined as current assets less current liabilities. During the three months ended September 30, 2016, prepaid expenses and deposits increased by $60,382 due to a rental deposit of $8,000 and the Company signed a 12-month contract for advisory service.

Cash utilized in operating activities during the three months ended September 30, 2016 was $352,405 (September 30, 2015 – $278,825). This difference between September 30, 2016 and September 30, 2015 was an overall increase in expenses.

At September 30, 2016, share capital was $3,360,298 comprising 6,735,885 issued and outstanding Common Shares (December 31, 2015 – $2,800,010 comprising 1,365,887 issued and outstanding Common Shares).

Warrant and Option Reserves at September 30, 2016 is $118,132 (December 31, 2015 – $121,939) the increase is the result of the share based payments for the period.

As a result of the net loss for the period ending September 30, 2016 of $396,880 (September 30, 2015 - $(213,329) the deficit at September 30, 2016 increased to $3,930,312 (September 30, 2015- $3,537,239).

At present, the Issuer's operations do not generate cash inflows and its financial success after September 30, 2016 is dependent on management's ability to continue to obtain sufficient funding to sustain operations through the development stage and successfully bring the Issuer's technologies to the point that they may be out licensed so that the Issuer achieves profitable operations. The research and development process can take many years and is subject to factors that are beyond the Issuer's control.

In order to finance the Issuer's future research and development and to cover administrative and overhead expenses in the coming years the Issuer may raise money through equity sales. Many factors influence the Issuer's ability to raise funds, including the Issuer's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of research activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. Should those risks fully materialize, it may not be able to raise adequate funds to continue its operations.

Off Balance Sheet Arrangements

There are currently no off balance sheet arrangements which could have an effect on current or future results or operations or the financial condition of the Company.

Transactions with Related Parties

	September 30, 2016	September 30, 2015
	$	$
Salary paid or accrued for a former CEO	-	106,667
Consulting fees paid or accrued to the former CFO	-	24,000
Accounting fees paid or accrued to a company controlled by the former CFO and director	-	4,000
Legal fees for services provided by a director	-	1,334
Share-based payments for options issued to a director	-	4,500
Directors fees paid through the issuance of shares to directors	60,000	-
Consulting fees paid or accrued to a company controlled by directors	52,381	-
Accounting fees paid or accrued to the CFO	12,000	-
Total key management personnel compensation	$ 124,381	$ 140,501

Subsequent Events

On July 26, 2016, the Company entered into a letter of intent (the "LOI") with Tower Three Wireless SAS ("Tower Three") to acquire all of the issued and outstanding membership interests of Tower Three (the "Transaction"). The Company will have until October 30, 2016 to conduct due diligence on Tower Three, with a view to negotiating the terms of a definitive agreement in order to complete the Transaction. On October 20, 2016, the Company entered into a binding arm's length share exchange agreement (the "Definitive Agreement").

Concurrent with the Transaction, the Company will issue 30,000,000 common shares of the Company at a deemed price of $0.10 per common share to the existing members of Tower Three on a pro-rata basis in exchange for a 100% ownership interest of all of the issued and outstanding membership interests of Tower Three.

The Transaction is subject to the Company completing an equity financing (the "Concurrent Financing") by way of a private placement of units (the "Units") to raise a minimum $1,500,000 and up to a maximum of $2,250,000 at an intended price of $0.15 per Unit. Each Unit will consist of one common share and one common share purchase warrant. Each full warrant will entitle the holder to purchase an additional common share at the price of $0.40 per share for a period of twelve months from the closing of the Transaction. Should the Company's share price trade at $0.60 per share for 10 consecutive trading days then the Company will have the option to give notice to the warrant holders to accelerate the exercise of the warrants within 10 days or the warrants will expire. Subsequent to period end, the Company received gross proceeds of $827,830 on the issuance of 5,518,866 shares.

The parties acknowledge that the funds from the Concurrent Financing will be held in escrow and not released until the Canadian Securities Exchange ("CSE") approves the Transaction on such terms to be more particularly described in the definitive agreement. The Company may pay finder fees in connection with the Concurrent Financing which will not exceed: (i) a cash equivalent to 8% of the Concurrent Financing and (ii) such number of common share purchase warrants equivalent to 8% of the number of Units issued pursuant to the Concurrent Financing.

The Transaction is subject to a number of conditions precedent. Unless all of such conditions are satisfied or waived by the party for whose benefit such conditions exist, to the extent they may be capable of waiver, the Transaction will not proceed. The conditions are:

- board of directors' approval and shareholders' approval of the Transaction and other matters contemplated in the LOI to be obtained by the Company;
- approval of the Transaction and other matters contemplated by the LOI by the manager of Tower Three and the investment committee of the majority member of Tower Three, the approval of Tower Three's board of directors;
- completion of due diligence to the satisfaction of the parties, acting reasonably;
- all necessary regulatory approvals with respect to the Transaction and the Concurrent Financing having been obtained, including but not limited to the approval of the CSE and the other applicable securities regulatory authorities;
- the execution of the definitive agreement;
- completion of the Concurrent Financing; and
- cancellation of Tower Three's then outstanding options, share purchase warrants and any other securities exercisable or convertible into membership interests of Tower Three and/or any other security of Tower Three, if any.

After signing the definitive agreement, Tower Three may request that the Company loan up to $200,000 on a secured basis. The loan will bear interest at a rate of 10% per annum and the Company will be able to request repayment at any time after 180 days following the advance.

Subsequent to year end, the Company completed a plan of arrangement (the "Arrangement") whereas the Company spun out its wholly owned subsidiary Cabbay Holding Corp.

As per the Arrangement, the Company transferred its asset purchase agreement relating to its biotechnology assets for the development of therapies for fibrosis and erectile dysfunction to Cabbay Holding Corp. and $435,360 in debt in exchange for $15.

Proposed Transactions

As at the date of this Management Discussion and Analysis there are no transactions currently contemplated by the Issuer.

Financial Instruments and Other Instruments

The Issuer's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and amounts due to shareholders. Unless otherwise noted, it is management's opinion that the Issuer is not exposed to significant interest, currency or credit risks arising from financial instruments. Amounts due to shareholders, irrevocable subscriptions and Class B Series I Preferred Shares are classified as financial liabilities and are carried at amortized cost. The fair value of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

Disclosure of Outstanding Share Data

As at September 30, 2016, the Issuer had an unlimited number of authorized common shares with 6,735,885 common shares issued and outstanding.

As at September 30, 2016 the issuer had 13,333 (December 31, 2015 – 13,333) options outstanding.

The 13,333 options entitles the holder to purchase corresponding common shares at a weighted average exercise price of $3 and expiry dates range from July 3, 2017 to March 7, 2019.

On September 14, 2016, the Company granted 500,000 stock options for consulting services provided. All stock options can be exercised at $0.24 per share for a period of five years and vested immediately. The fair value of the stock options was $139,628. On September 16, 2016, the agents exercised 500,000 options for proceed of $120,000.

The table below provides information concerning the designation and number of each class of equity securities for which there are securities outstanding as of the dates noted below:

Type of Security	**Nine months ended September 30, 2016**	**Year ended December 31, 2015**
Common Shares	6,735,885	1,365,887
Options	13,333	13,333
Outstanding Warrants	368,333	458,333
Total	**7,117,551**	**1,837,553**

SCHEDULE "B"

AUDITED FINANCIAL STATEMENTS & MD&A OF TOWER THREE

The audited financial statements of Tower Three for the year ended December 31, 2015 and the interim financial statements of Tower Three for the nine-months ended September 30, 2016
&
The MD&A of Tower Three for the year ended December 31, 2015
and the MD&A of Tower Three for the nine-months ended September 30, 2016

[See Attached.]

TOWER THREE SAS

FINANCIAL STATEMENTS

December 31, 2015

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Directors of
Tower Three SAS

We have audited the accompanying financial statements of Tower Three SAS, which comprise the statement of financial position as at December 31, 2015, and the statement of loss and comprehensive loss, cash flows, and changes in shareholders' deficiency for the period from incorporation on December 30, 2015 to December 31, 2015, 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.

Auditors' 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 auditors' 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, these financial statements present fairly, in all material respects, the financial position of Tower Three SAS as at December 31, 2015 and its financial performance and its cash flows for the period from incorporation on December 30, 2015 to December 31, 2015 in accordance with International Financial Reporting Standards.

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
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Emphasis of Matter

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

January 12, 2017

TOWER THREE SAS
STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes	December 31, 2015
ASSETS		
Current		
Due from related parties	5	$ 4,300
		$ 4,300
LIABILITIES		
Current		
Due to related party	5	$ 21,151
		21,151
SHAREHOLDERS' DEFICIENCY		
Share capital	6	4,300
Deficit		(21,151)
		(16,851)
		$ 4,300

Nature and continuance of operations (Note 1)
Commitment (Note 10)
Subsequent events (Note 11)

Approved on behalf of the Board of Directors;

"Alejandro Ochoa" "Fabio Vasquez"

TOWER THREE SAS
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the period from incorporation on December 30, 2015 to December 31, 2015
Expenses	
Legal fees	$ 21,151
Loss and comprehensive loss	$ (21,151)
Basic and diluted loss per share	$ (2.12)
Weighted average number of common shares outstanding	10,000

TOWER THREE SAS
STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the period from Incorporation on December 30, 2015 to December 31, 2015
Loss for the period	$ (21,151)
Changes in non-cash working capital item related to operations:	
Due to related parties	21,151
Cash used in operating activities	-
Decrease in cash during the period	-
Cash, beginning of the period	-
Cash, end of the period	$ -
Supplemental disclosure of cash flow information:	
Non-cash transactions	
Shares issued on incorporation	$ 4,300

TOWER THREE SAS

STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
For the period from incorporation on December 30, 2015 to December 31, 2015
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Deficit	Total
Balance, December 30, 2015	-	$ -	$ -	$ -
Shares issued on incorporation	10,000	4,300	-	4,300
Loss for the period	-	-	(21,151)	-
Balance, December 31, 2015	10,000	$ 4,300	$ (21,151)	$ 4,300

1. NATURE AND CONTINUANCE OF OPERATIONS

Tower Three SAS ("Tower Three" or "the Company") was incorporated on December 30, 2015 under the Business Corporation Act of Colombia. The head office of the Company is located at Carrera 8A #99-22 Unit 903, Bogota, Colombia.

Tower Three has secured 4G LTE cellular tower development contracts in Colombia. The Company focuses primarily on building towers in municipalities where there currently is very limited or no cellular coverage, which enhances the probability of multiple carriers sharing the tower and minimizes competitive risk.

These financial statements have been prepared on a going concern basis, which contemplates continuity of operations and the realization of assets and settlement of liabilities in the ordinary course of business. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital needs to be obtained from external financing to meet the Company's liabilities and commitments as they become due. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

(a) Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC").

These financial statements were approved and authorized for issue by the Board of Directors on October 5, 2016

(b) Basis of Presentation

These financial statements were prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars. The Company's functional currency is the Colombian Peso.

(c) Use of Estimates and Judgements

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 reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impact of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date 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:

a) the recognition and recoverability of the Company's deferred tax assets

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these financial statements:

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The presentation currency is the Canadian dollar and the functional currency of the Company is the Colombia Peso ("COP"). The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Colombian Peso are recorded at exchange rates prevailing on the dates of the transactions. On the translation from the functional currency of COP to Canadian dollars, revenue and expense items are translated at average rates of exchange where there is a reasonable approximation of the exchange rate at the dates of the transactions. Statement of financial position items are translated at closing exchange rates at the reporting date. Exchange differences on the re-translation at closing rates together with the difference between the revenue and expenses translated at average and closing rates are recorded in the currency translation reserve in shareholders' deficiency.

Income taxes

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

Deferred tax is recorded for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered the deferred tax asset is not set up.

Loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, the calculations proved to be anti-dilutive.

Impairment

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that an asset's carrying amount may be less than its recoverable amount. Management uses judgment to estimate these inputs and any changes to these inputs could have a material impact on the impairment calculation. For impairment testing, non-financial assets that do not generate independent cash flows are grouped together into cash-generating units (CGUs), which represent the levels at which largely independent cash flows are generated. An impairment loss is recognized in earnings to the extent that the carrying value of an asset, CGU or group of CGU's exceeds its estimated recoverable amount. The recoverable amount of an asset, CGU or group of CGU's is the greater of its value in use and its fair value less cost to sell. Value in use is calculated as the present value of the estimated future cash flows discounted at appropriate discount rates. An impairment loss relating to a specific asset reduces the carrying value of the asset. An impairment loss relating to a group of CGU's is allocated on a pro-rata basis to reduce the carrying value of the assets in the units comprising the group. A previously recognized impairment loss related to non-financial assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss related to non-financial assets is reversed if there is a subsequent increase in the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying value does not exceed the carrying value that would have been determined, net of depreciation or amortization, if no loss had been recognized.

Financial instruments

(a) Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were 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 through profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost 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

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 through profit or 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 through other comprehensive income (loss).

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset could be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

(b) Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. 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 through profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method.

The Company classified its due to related party as other financial liabilities.

4. RECENT ACCOUNTING PRONOUNCEMENTS

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective.

Effective for annual periods beginning on or after January 1, 2018

- **IFRS 9, *Financial Instruments – Classification and Measurement***

  IFRS 9 is a new standard on financial instruments that will replace IAS 39*, Financial Instruments: Recognition and Measurement.*

  IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

- **IFRS 15, *Revenue from Contracts with Customers:***

  IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

Effective for annual periods beginning on or after January 1, 2019.

(a) **IFRS 16, *Leases*:**
IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The extent of the impact of adoption has not yet been determined.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

5. RELATED PARTY TRANSACTIONS

Related parties include key management, personnel, and affiliated companies. Key management personnel include officers, directors or companies with common directors of the Company who have direct or indirect authority and responsibility for planning, directing and controlling the activities of the Company.

During the period ended December 31, 2015, legal fees of $21,151 was paid to a director of the Company.

As at December 31, 2015, there was $21,151 due to an affiliated company which is included in due to related party and $4,300 due from related parties for the issuance of common shares.

6. SHARE CAPITAL

a) Authorized

10,000 common shares with a par value at COP 1,000 per common share

b) Issued

On December 30, 2015, the Company issued 10,000 common shares at COP 1,000 ($0.43) per share for gross proceeds of COP 10,000,000 ($4,300). The proceeds were included in due from related parties at December 31, 2015. (Note 5)

7. FINANCIAL INSTRUMENTS

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge any obligations. The Company is currently not exposed to any credit risk.

Interest rate risk

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

Liquidity risk

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

Fair value

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

(Expressed in Canadian Dollars)

- Level 3 – Inputs that are not based on observable market data.

The fair value of due from related party and due to related party approximates fair value due to the short term nature of the financial instruments. These accounts are classified as loans and receivables.

8. CAPITAL RISK MANAGEMENT

The Company defines its capital as shareholders' deficiency. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technologies and to maintain a flexible capital structure for its projects for the benefit of its shareholders. As the Company is in the development stage, its principal source of funds is from the issuance of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to externally imposed capital requirements.

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2015
Loss for the period	$	(21,151)
Expected income tax recovery	$	(5,000)
Change in unrecognized deductible temporary differences		5,000
Total income tax expense	**$**	**-**

	2015	**Expiry Date Range**
Temporary Differences		
Non-capital losses available for future period	$ 21,000	No expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.

10. COMMITMENT

During the year ended December 31, 2015, the Company entered into a contract for legal services with a related party whereas the Company is required to pay US$15,000 ($21,151 CDN) on the signing of the agreement and six equal payments of US$3,000 commencing January 1, 2016 for a total of USD $18,000 ($24,954 CDN).

Subsequent to year end, the Company entered into construction contracts with Global Engineering Developments ("GLEND") whereas the Company engaged GLEND to build six cellphone towers in Colombia for a total cost of $230,939.

11. SUBSEQUENT EVENTS

a) Subsequent to year end, the Company received total funding of USD $200,000 ($260,090) from an affiliated company. On June 14, 2016, the Company entered into a loan agreement whereby USD $100,000 ($135,045) of the advances would be due 90 days from the date of the agreement. The loan accrues interest at a rate of 10% per annum. If the loan is not repaid within the 90 days, a monthly penalty of 2% of the principal loan will be charged. The remaining USD $100,000 ($135,045) will be converted to equity upon the successful completion of a public listing transaction.

b) Subsequent to year end, the Company entered into six lease agreements with Columbia Movil whereas the Company will lease space on six separate cell phone towers for thirteen years. Colombia Movil will pay rent installments of COP 2,100,000 to COP 2,350,000 ($900 to $1,000) on a monthly basis. The agreements will come into effect on the completion of the cellphone towers. Subsequent to year end, all six of the towers were completed and began to generate revenues.

c) On October 20, 2016, the Company entered into a binding arm's length share exchange agreement (the "Definitive Agreement") with Pacific Therapeutics Ltd. ("PT"), pursuant to which PT will acquire all of the issued and outstanding securities (the "Tower Three Shares") of Tower Three (the "Transaction"), as more particularly described below. The Transaction was initially announced in a PT news release dated August 2, 2016, indicating that PT and Tower Three had entered into a letter of intent (LOI) in respect of the Transaction.

   Pursuant to the terms of the LOI, in consideration of the Transaction, PTL will issue 30,000,000 common shares at a deemed price of $0.10 per common share to the existing members of the Company on a pro-rata basis in exchange for 100% ownership of all of the issued and outstanding membership interests of the Company.

d) Subsequent to year end, the Company received a loan from the CEO in the amount of $41,220. The loan is unsecured, does not bear interest and is payable on demand.

TOWER THREE SAS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Nine month period ended September 30, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

TOWER THREE SAS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note	September 30, 2016	December 31, 2015
ASSETS			
Current			
Cash		$ 49,803	$ -
Receivables		7,335	-
Advances		30,948	-
Due from related party	6	4,300	4,300
		92,386	4,300
Construction in progress	4	89,969	-
Property and equipment	4	127,501	-
		$ 309,856	$ 4,300
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 63,157	$ -
Due to related parties	5	479,177	21,151
		542,334	21,151
SHAREHOLDERS' DEFICIENCY			
Share capital	6	4,300	4,300
Other accumulated loss		(7,639)	-
Deficit		(229,139)	(21,151)
		(232,478)	(16,851)
		$ 309,856	$ 4,300

Nature and continuance of operations (Note 1)
Commitments (Note 11)
Subsequent events (Note 12)

Approved on behalf of the Board of Directors:

"Alejandro Ochoa" "Fabio Vasquez"

TOWER THREE SAS

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

		Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016
Revenues			
Lease income	7	$ 4,609	$ 4,609
Cost of operations			
Deprecation	4	(823)	(823)
		3,786	3,786
Expenses			
Bank charges		150	509
Corporate and professional services	5	71,719	166,069
Insurance		-	345
Permits and licenses		-	1,060
Office and miscellaneous		7,049	9,273
Travel		13,483	34,518
		(92,401)	(211,774)
Net loss		(86,615)	(207,988)
Other Comprehensive Loss			
Foreign currency translation adjustment		(1,521)	(7,639)
Loss and comprehensive loss		$ (90,136)	$ (215,627)
Basic and diluted loss per share		$ (8.66)	$ (20.80)
Weighted average number of common shares outstanding		10,000	10,000

A statement of loss and comprehensive loss for the three and nine months ended September 30, 2015 has not been presented as the Company was incorporated on December 30, 2015.

TOWER THREE SAS
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Nine Months Ended September 30, 2016
Loss for the period	$ (207,988)
Adjustments for items not affecting cash	
Foreign exchange loss	1,631
Depreciation	823
Changes in non-cash working capital items:	
Receivables	(7,833)
Advances	(29,934)
Accounts payable and accrued liabilities	8,470
Due to related parties	37,287
Cash used in operating activities	(197,544)
Cash flows from investing activities	
Construction in progress	(157,387)
Cash used in investing activities	(157,787)
Cash flows from financing activities	
Due to related parties	404,308
Cash provided by financing activities	404,308
Impact of exchange rate change on cash	826
Increase in cash during the period	49,803
Cash, beginning of the period	-
Cash, end of the period	$ 49,803

Supplemental disclosure with respect to cash flows (Note 10)

A statement of cash flows for the nine months ended September 30, 2015 has not been presented as the Company was incorporated on December 30, 2015.

TOWER THREE SAS

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
For the period ended September 30, 2016
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of Shares	Share Capital	Other Accumulated Loss	Deficit	Total
Balance, December 31, 2015	10,000	$ 4,300	$ -	$ (21,151)	$ (16,851)
Change in foreign currency translation	-	-	(7,639)	-	(7,639)
Loss for the period	-	-	-	(207,988)	(207,988)
Balance, September 30, 2016	10,000	$ 4,300	$ (7,639)	$ (229,139)	$ (232,478)

A statement of changes in shareholders' deficiency for the nine months ended September 30, 2015 has not been presented as the Company was incorporated on December 30, 2015.

1. NATURE AND CONTINUANCE OF OPERATIONS

Tower Three SAS. ("Tower Three" or the "Company") was incorporated on December 30, 2015 under the Business Corporation Act of Colombia. The head office of the Company is located at Carrera 8A #99-22 Unit 903, Bogota, Colombia.

On June 3, 2016, the Company founded Communicating To Educate Foundation (the "Subsidiary") a public utility and not-for-profit institution. The Subsidiary was incorporated under the Business Corporation Act of Colombia. The Company has a 100% ownership interest in the Subsidiary.

Tower Three has secured 4G LTE cellular tower development contracts in Colombia. The Company focuses primarily on building towers in municipalities where there currently is very limited or no cellular coverage, which enhances the probability of multiple carriers sharing the tower and minimizes competitive risk.

These condensed interim consolidated 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. As at September 30, 2016, the Company has an accumulated deficit of $229,139 and working capital deficiency of $449,948. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital needs to be obtained from external financing to meet the Company's liabilities and commitments as they become due. These condensed interim consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on December 24, 2016

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

(a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2015.

(b) Basis of Presentation

These condensed interim consolidated financial statements were prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars. The Company's functional currency is the Colombian Peso.

(c) Use of Estimates and Judgements

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates to form assumptions concerning the future. Management evaluates its judgements and estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

The preparation of condensed interim consolidated 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 are the classification of financial instruments and the going concern assumption.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial statements have been prepared using accounting policies and practices consistent with those used in the preparation of the audited financial statements of Tower Three SAS as at December 31, 2015. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the period ended December 31, 2015.

During the nine months ended September 30, 2016, the Company adopted the following policies:

Revenue recognition

The Company leases out space on its cellphone towers to cellphone providers. Revenues are derived from monthly lease payments arising from long term contracts.

The Company's transactions relate to the rendering of services and as such, the Company only recognizes revenue when the following conditions are met:

i. The amount of revenue can be measured reliably;
ii. It is probable that economic benefits associated with the transaction will flow to the entity;

iii. The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
iv. The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Lease income is recognized in profit and loss on a straight-line basis over the term of the lease.

Property and equipment

Property and equipment ("PPE") is recorded at historical cost less accumulated depreciation and impairment charges. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Carry amounts of PPE are depreciated to their estimated residual value over the estimated useful lives of the assets or the estimated life of the related equipment or cellular towers, if shorter. Where components of an asset have different useful lives, depreciation is calculated on each separate component. Depreciation is provided using the straight line method over the following terms:

- Equipment 20 years

The Company's PPE is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in the statement of operations and comprehensive loss. An impairment loss is reversed if there is evidence that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease income is recognized in the statement of income (loss) and comprehensive income (loss) on a straight line basis over the lease term. Costs including deprecation, incurred in earning the lease income are recognized as an expense.

The leased assets will be depreciated at a rate consistent with the Company's normal depreciation policy.

<u>Accounting standards issued but not yet applied</u>

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the financial statements upon adoption of these new and revised accounting pronouncements.

Effective for annual periods beginning on or after January 1, 2018

- **IFRS 9, *Financial Instruments – Classification and Measurement***

  IFRS 9 is a new standard on financial instruments that will replace IAS 39*, Financial Instruments: Recognition and Measurement.*

  IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

- **IFRS 15, *Revenue from Contracts with Customers:***

  IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

Effective for annual periods beginning on or after January 1, 2019.

- **IFRS 16, *Leases*:**
  IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The extent of the impact of adoption has not yet been determined.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

(Expressed in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

Cost		
As at December 31, 2015	$	-
Transfer from construction in progress		124,121
Cumulative translation adjustment		4,203
Balance at September 30, 2016	$	128,324
Accumulated depreciation		
As at December 31, 2015	$	-
Additions		823
Cumulative translation adjustment		-
Balance at September 30, 2016	$	823
Carrying amounts		
As at December 31, 2015	$	-
As at September 30, 2016	$	127,501

During the period ended September 30, 2016, the Company incurred total construction costs of $211,144 to build six cellular towers. As at September 30, 2016, three of the towers were completed, and the related costs of $124,121 were reclassified to plant and equipment and $87,023 in costs plus a cumulative translation adjustment of $2,946 remained outstanding in construction in progress.

5. RELATED PARTY TRANSACTIONS

Related parties include key management, personnel, and affiliated companies. Key management personnel include officers, directors or companies with common directors of the Company who have direct or indirect authority and responsibility for planning, directing and controlling the activities of the Company.

During the period ended September 30, 2016, the Company incurred $69,343 in legal fees paid to two directors of the Company and $71,766 in consulting fees paid to an officer and director of the Company. Legal and consulting fees are included in corporate and professional services.

At September 30, 2016, the due to related parties balance consisted of $376,778 in funds that had been advanced and $61,179 in expenses that were covered by a company who is the major shareholder of Tower Three and $41,220 related to a loan from the CEO of the Company which is unsecured, does not bear interest and is payable on demand.

During the nine months ended September 30, 2016, the Company and the major shareholder entered into an agreement whereby $130,919 (US$100,000) of the outstanding balance will be converted to equity upon the successful completion of a public listing transaction.

On June 14, 2016, the Company entered into a loan agreement with the major shareholder whereby $130,919 (US $100,000) of the outstanding balance would be due 90 days from the date of the agreement. The loan accrues interest at 10% annually. If the loan is not repaid within the 90 days, a monthly penalty of 2% of the principal loan will be charged. Interest expense incurred on the loan during the period was $3,863 which is included in accounts payable and accrued liabilities. As at September 30, 2016, the loan had not been repaid and a penalty charge of 2% will be applied until the loan has been repaid in full.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

a) Authorized

10,000 common shares with a par value of COP 1,000 per common share

b) Issued

During the period ended September 30, 2016, the Company did not issue any shares.

During the period ended December 31, 2015, the Company issued 10,000 common shares at COP 1,000 ($0.43) per share for gross proceeds of COP 10,000,000 ($4,300). The proceeds were included in due from related parties at December 31, 2015.

7. OPERATING LEASES

During the period ended September 30, 2016, the Company entered into six lease agreements with Colombia Movil whereas Colombia will lease space on six separate cell phone towers for thirteen years. Colombia Movil will pay rent installments of COP 2,100,000 to COP 2,350,000 ($900 to $1,000) on a monthly basis. The agreements come into effect on the successful completion of each cellphone tower.

As at September 30, 2016, construction on three of the towers had been completed and $4,609 in revenues was generated.

Future minimum lease payments to be received by the Company for each of the five succeeding years and thereafter is as follows:

As at September 30,	
2017	67,967
2018	72,950
2019	72,950
2020	72,950
2021	72,950
2022 and thereafter	531,830

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge any obligations. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Interest rate risk

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

Liquidity risk

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

Financial assets and liabilities 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 fair value of receivables, advances, due from related party, accounts payable and accrued liabilities and due to related parties approximates fair value due to the short term nature of the financial instruments. Cash is classified as fair value through profit or loss and is measured using level 1 inputs of the fair value hierarchy.

9. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' deficiency. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technologies and to maintain a flexible capital structure for its projects for the benefit of its shareholders. As the Company is in the development stage, its principal source of funds is from loans.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to externally imposed capital requirements.

10. SUPPLEMENTIAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flow. During the nine months ended September 30, 2016, the Company had the following non-cash transactions;

a) $128,324 was reclassified from construction in progress to property and equipment
b) Included in accounts payable and accrued liabilities is $55,163 related to construction in progress

There were no non-cash transactions for the period ended September 30, 2015 as the Company was incorporated on December 30, 2015.

11. COMMITMENTS

In June and July 2016, the Company entered into construction contracts with Global Engineering Developments ("GLEND") whereas the Company engaged GLEND to build six cellphone towers in Colombia for a cost of $255,423. As at September 30, 2016 the Company had paid $107,967, $55,163 remains outstanding in accounts payable and accrued liabilities and $92,293 will be advanced on the completion of the remaining contracts.

12. SUBSEQUENT EVENTS

On October 20, 2016, the Company entered into a binding arm's length share exchange agreement (the "Definitive Agreement") with Pacific Therapeutics Ltd. ("PT"), pursuant to which PT will acquire all of the issued and outstanding securities (the "Tower Three Shares") of Tower Three (the "Transaction").

Pursuant to the terms of the Definitive Agreement, in consideration of the Transaction, PT will issue 30,000,000 common shares at a deemed price of $0.10 per common share to the existing members of the Company on a pro-rata basis in exchange for 100% ownership of all of the issued and outstanding membership interests of the Company.

TOWER THREE SAS.
("Tower Three" or the "Company")
Annual Report
December 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.1 Date of Report: January 12, 2017

The following management's discussion and analysis ("MD&A") has been prepared as of January 12, 2017 and should be read together with the financial statements and accompanying notes for year ended December 31, 2015, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A includes certain statements that may be deemed "forward-looking statements". Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Nature of Business

Tower Three SAS. ("Tower Three SAS" or "the Company") was incorporated on December 30, 2015 under the Business Corporation Act of Colombia. The head office of the Company is located at Carrera 8A #99-22 Unit 903, Bogota, Colombia.

Tower Three Wireless Corp has secured 4G LTE cellular tower development contracts in Colombia. The Company focuses primarily on building towers in municipalities where there currently is very limited or no cellular coverage, which enhances the probability of multiple carriers sharing the tower and minimizes competitive risk. The company has built a decorated management team with top tier cellular development experience with one of South America's largest tower developers.

1.3 Overall Performance

Announcements and Highlights during the year:

- The Company several explored other opportunities to secure a listing on the TSX Venture Exchange and Canadian Stock Exchange during the year.
- Management began to focus on raising capital to support the company's tower business, marketing initiatives and general working capital.

1.3 Results of Operations

During the period ended December 31, 2015, the Company incurred a net loss of $21,151. As at December 31, 2015, the Company had a negative working capital of $16,851 and an accumulated deficit of $21,151.

The Company incurred legal fees of $21,151 which were paid to a related party for the incorporation of the Company.

Comparative statements for the year ended December 31, 2015 have not been presented as the Company was incorporated on December 30, 2015.

1.4 Liquidity and Capital Resources

As at December 31, 2015, the Company has total assets of $4,300 and a negative working capital of $16,851.

At December 31, 2015, share capital was $4,300 comprising 10,000 issued and outstanding Common Shares. Share Capital relates to the 10,000 common shares issued on December 31, 2015 with a par value of COP 1,000 per common share.

As a result of the net loss for the year ending December 31, 2015 of $21,151, the deficit at December 31, 2015 increased to $21,151.

At present, the Company's operations do not generate cash inflows and its financial success after December 31, 2015 is dependent on management's ability to continue to obtain sufficient funding to sustain operations through the development primarily on building towers in municipalities where there currently is very limited or no cellular coverage, which enhances the probability of multiple carriers sharing the tower and minimizes competitive risk.

The Company may not be able to generate sufficient cash flows from its operations in the foreseeable future to support its working capital needs. As a result, the Company will have to rely on funding through future equity issuances and through short term borrowing in order to finance ongoing operations and the construction at cellular towers. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

1.5 Share Capital

As at December 31, 2015, the Company had 10,000 common shares issued and outstanding.

1.6 Share Purchase Warrants

As at December 31, 2015, the Company had nil shareholder warrants issued and outstanding.

1.7 Stock Options

The Company does not have stock option plan as of December 31, 2015.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed. The Company is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

1.9 Transactions with Related Parties

Related parties include key management, personnel, and affiliated companies. Key management personnel include officers, directors or companies with common directors of the Company who have direct or indirect authority and responsibility for planning, directing and controlling the activities of the Company.

During the period ended December 31, 2015, legal fees of $21,151 was paid to a director of the Company.

As at December 31, 2015, there was $21,151 due to an affiliated company which is included in due to related party and $4,300 due from related parties for the issuance of common shares.

1.10 Fourth Quarter

The Corporation incurred a net loss of $21,151 in the fourth quarter ended December 31, 2015, as a result of legal fees incurred on incorporation.

1.11 Subsequent Events

Subsequent to year end, the Company received total funding of USD $200,000 ($260,090) from an affiliated company. On June 14, 2016, the Company entered into a loan agreement whereby USD $100,000 ($135,045) of the advances would be due 90 days from the date of the agreement. The loan accrues interest at a rate of 10% per annum. If the loan is not repaid within the 90 days, a monthly penalty of 2% of the principal loan will be charged. The remaining USD $100,000 ($135,045) will be converted to equity upon the successful completion of a public listing transaction.

Subsequent to year end, the Company entered into six lease agreements with Columbia Movil whereas the Company will lease space on six separate cell phone towers for thirteen years. Colombia Movil will pay rent installments of COP 2,100,000 to COP 2,350,000 ($900 to $1,000) on a monthly basis. The agreements will come into effect on the year completion of the cellphone towers.

On August 2, 2016, the Company announced that it entered into a letter of intent (the “LOI”) with Pacific Therapeutics Ltd. ("PTL") to acquire all of the issued and outstanding membership interests of the Company (the “Transaction”). PTL will have until October 30, 2016 to conduct due diligence on the Company, with a view to negotiating the terms of a definitive agreement in order to complete the Transaction.

Pursuant to the terms of the LOI, in consideration of the Transaction, PTL will issue 30,000,000 common shares at a deemed price of $0.10 per common share to the existing members of the Company on a pro-rata basis in exchange for 100% ownership of all of the issued and outstanding membership interests of the Company.

1.12 Changes in Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements of the Company as at December 31, 2015. The unaudited condensed financial statements should be read in conjunction with the Company's audited financial statements for the period ended December 31, 2015.

Accounting standards issued but not yet applied

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the financial statements upon adoption of this new and revised accounting pronouncement.

Effective for annual periods beginning on or after January 1, 2018:

- IFRS 9 – Financial Instruments introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.
- IFRS 15 - Revenue from Contracts with Customers is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

Effective for annual periods beginning on or after January 1, 2019:

- IFRS 16 - Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The extent of the impact of adoption has not yet been determined.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

1.13 Financial Instruments and Other Instruments

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge any obligations. The Company is currently not exposed to any credit risk.

Fair value

The carrying value of due from related parties and due to a related party approximated their fair value because of the relatively short-term nature of these instruments.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates.

Liquidity risk

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

Financial assets and liabilities 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 fair value of due from related parties and due to related party approximates fair value due to the short term nature of the financial instruments. These accounts are classified as loans and receivables.

1.14 Other MD&A Requirements

For more information about the Company, see http://www.toweronewireless.com/.
The Company has not filed an AIF Annual Information Form.

Disclosure of Outstanding Share Data

a. Authorized:

10,000 common shares with a par value of COP 1,000 per common share

b. Common Shares Issued:

Balance, December 31, 2015:	10,000
Balance, January 12, 2017:	10,000

As at January 12, 2017 and December 31, 2015, there were no common shares held in escrow.

Risk Factors

The Company is focused on more select market introduction and development of all its product lines while instituting cost control of product development. The failure to generate future sales in the Company's main products could have a significant and adverse effect on the Company.

The Company success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not anticipate having key person insurance in effect for management. However, the Company will institute an insurance policy that provides directors and officers a minimum of $2 million liability coverage in the coming quarters. The contributions of these individuals to the immediate operations of the Company are of central importance. In addition, there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

The Company has incurred a net loss for the year ended December 31, 2015 of $21,151 and has a deficit of $21,151 as at December 31, 2015. Management is continuing efforts to attract additional equity and capital investors and implement cost control measures to maintain adequate levels of working capital. Nevertheless, there can be no assurance provided with respect to the successful outcome of these ongoing actions. If the Company is unable to obtain additional financing on reasonable terms, the Company may be required to curtail or reduce its operations to continue as a going concern.

In addition, the Company's limited working capital could affect the Company's ability to seize upon opportunities requiring investment, or to reinvest in its products in a timely manner.

TOWER THREE SAS.
("Tower Three" or the "Company")
Quarterly Report
Nine months ended September 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.1 Date of Report: January 12, 2017

The following management's discussion and analysis ("MD&A") has been prepared as of January 12, 2017 and should be read in conjunction with the condensed interim consolidated financial statements and accompanying notes for the nine months period ended September 30, 2016, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A includes certain statements that may be deemed "forward-looking statements". Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Nature of Business

Tower Three SAS ("Tower Three SAS" or "the Company") was incorporated on December 30, 2015 under the Business Corporation Act of Colombia. The head office of the Company is located at Carrera 8A #99-22 Unit 903, Bogota, Colombia.

On June 3, 2016, the Company founded Communicating To Educate Foundation (the "Subsidiary") a public utility and not-for-profit institution. The Subsidiary was incorporated under the Business Corporation Act of Colombia. The Company has a 100% ownership interest in the Subsidiary.

Tower Three Wireless Corp has secured 4G LTE cellular tower development contracts in Colombia. The Company focuses primarily on building towers in municipalities where there currently is very limited or no cellular coverage, which enhances the probability of multiple carriers sharing the tower and minimizes competitive risk. The company has built a decorated management team with top tier cellular development experience with one of South America's largest tower developers.

1.3 Overall Performance

Announcements and Highlights during the quarter:

- During the previous quarter, the Company entered into six contracts with Colombia Movil whereas the Company will construct six separate towers on which Colombia Movil will lease space for a term of thirteen years. During the third quarter, the Company made a significant progress in building the towers. As of September 30, 2016, three of the towers were complete and began to generate lease income. During the third quarter, the Company generated a lease income of $4,609 from the three towers that were complete.

- Management continued to actively focus on capital raising to support the company's tower business, marketing initiatives and general working capital.

1.4 Results of Operations

Nine months ended September 30, 2016 and 2015

During the nine months ended September 30, 2016, the Company incurred net loss of $207,988 (September 30, 2015 - $nil). As at September 30, 2016 the Company had a negative working capital deficiency of $449,948 (December 31, 2015 - $16,851) and an accumulated deficit of $229,139 (December 31, 2015 - $21,151)

Significant changes in the period are as follows:

- The Company incurred permit and licensing fees of $nil relating to work performed to obtain permits and licenses for cellphone tower structures.
- The Company incurred corporate and professional fees of $71,719 which includes legal, accounting and consulting services performed by related parties.
- The Company incurred office and miscellaneous expenses of $7,049 due to the start up of the business and commencement of operational activities. The Company has no payroll and engages consultants on an as needed basis.
- The Company incurred travel expenses of $13,483 relating to travel throughout Colombia to scope out optimal locations for cellphone towers.

During the period ended September 30, 2016, the Company recorded $7,639 in foreign exchange to its cumulative translation account. The Company's functional currency is the Colombian Peso ("COP") and records a cumulative translation adjustment due to the changes resulting from the fluctuation of foreign exchange rates.

Comparative statements for the nine months ended September 30, 2015 have not been presented as the Company was incorporated on December 30, 2015.

Selected Quarterly Information

	September 30, 2016 $	June 30, 2016 $	March 31, 2016 $	December 31, 2015 $
Lease income	4,609	Nil	Nil	Nil
Net loss	(86,615)	(140,559)	(65,364)	(21,151)
Basic and diluted loss per share	(8.66)	(14.06)	(6.54)	(2.12)
Cash	49,803	50,077	Nil	Nil
Total Assets	309,856	134,985	Nil	4,300
Non-Current Liabilities	Nil	Nil	Nil	Nil

1.5 Liquidity and Capital Resources

As at September 30, 2016, the Company has total assets of $309,856 and a negative working capital of $142,377.

At September 30, 2016, the Company had cash of $49,803 (December 31, 2015- $nil) and a negative working capital deficiency of $449,948 (December 31, 2015 - $21,151). As of September 30, 2016, advances were $30,948 compared to $nil at December 31, 2015. As of September 30, 2016, the construction in progress was $89,969 and the property and equipment was $127,501 for completing the three towers under construction agreements.

Cash utilized in operating activities during the nine months ended September 30, 2016 was $197,544 (September 30, 2015 – $nil).

At September 30, 2016, share capital was $4,300 comprising 10,000 issued and outstanding common shares. There was no increase in the share capital for the period nine month ended September 30, 2016.

As a result of the net loss for the period ending September 30, 2016 of $207,988, the deficit at September 30, 2016 increased to $229,139.

At present, the Company's operations generate minimal cash inflows and its financial success after September 30, 2016 is dependent on management's ability to continue to obtain sufficient funding to sustain operations through the development primarily on building towers in municipalities where there currently is very limited or no cellular coverage, which enhances the probability of multiple carriers sharing the tower and minimizes competitive risk.

The Company may not be able to generate sufficient cash flows from its operations in the foreseeable future to support its working capital needs. As a result, the Company will have to rely on funding through future equity issuances and through short term borrowing in order to finance ongoing operations and the construction of cellular towers. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

1.6 Share Capital

As at September 30, 2016, the Company had 10,000 common shares issued and outstanding.

1.7 Share Purchase Warrants

As at September 30, 2016, the Company had nil shareholder warrants issued and outstanding.

1.8 Stock Options

The Company does not have stock option plan as of September 30, 2016.

1.9 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed. The Company is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

1.10 Transactions with Related Parties

Related parties include key management, personnel, and affiliated companies. Key management personnel include officers, directors or companies with common directors of the Company who have direct or indirect authority and responsibility for planning, directing and controlling the activities of the Company.

During the period ended September 30, 2016, the Company incurred $69,343 in legal fees paid to two directors of the Company and $71,766 in consulting fees paid to an officer and director of the Company. Legal and consulting fees are included in corporate and professional services.

At September 30, 2016, the due to related parties balance consisted of $376,778 in funds that had been advanced and $61,179 in expenses that were covered by a company who is the major shareholder of Tower Three and is $41,220 related a loan from the CEO of the Company which is unsecured, does not bear interest.

The Company and the major shareholder entered into an agreement whereby $130,919 (US$100,000) of the outstanding balance will be converted to equity upon the successful completion of a public listing transaction.

On June 14, 2016, the Company entered into a loan agreement with the major shareholder whereby $130,919 (US $100,000) of the outstanding balance would be due 90 days from the date of the agreement. The loan accrues interest at 10% annually. If the loan is not repaid within the 90 days, a monthly penalty of 2% of the principal loan will be charged. Interest expense incurred on the loan during the period was $3,863 which is included in accounts payable and accrued liabilities. As at September 30, 2016, the loan had not been repaid and a penalty charge of 2% will be applied until the loan has been repaid in full.

During the nine months ended September 30, 2016, the CEO advances $41,220 as a loan to the Company with no interest bearing and the loan is payable on a demand.

1.11 Subsequent Events

On October 20, 2016, the Company entered into a binding arm’s length share exchange agreement (the “Definitive Agreement”) with Pacific Therapeutics Ltd. (“PT”), pursuant to which PT will acquire all of the issued and outstanding securities (the “Tower Three Shares”) of Tower Three (the “Transaction”).

Pursuant to the terms of the Definitive Agreement, in consideration of the Transaction, PT will issue 30,000,000 common shares at a deemed price of $0.10 per common share to the existing members of the Company on a pro-rata basis in exchange for 100% ownership of all of the issued and outstanding membership interests of the Company.

1.12 Changes in Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements of the Company as at December 31, 2015. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s audited financial statements for the period ended December 31, 2015.

During the nine months ended September 30, 2016, the Company adopted the following policies:

Revenue recognition

The Company leases out space on its cellphone towers to cellphone providers. Revenues are derived from monthly lease payments arising from long term contracts.

The Company's transactions relate to the rendering of services and as such, the Company only recognizes revenue when the following conditions are met:

i. The amount of revenue can be measured reliably;
ii. It is probable that economic benefits associated with the transaction will flow to the entity;
iii. The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
iv. The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Lease income is recognized in profit and loss on a straight-line basis over the term of the lease.

Property and equipment

Property and equipment ("PPE") is recorded at historical cost less accumulated depreciation and impairment charges. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Carry amounts of PPE are depreciated to their estimated residual value over the estimated useful lives of the assets or the estimated life of the related equipment or cellular towers, if shorter. Where components of an asset have different useful lives, depreciation is calculated on each separate component. Depreciation is provided using the straight line method over the following terms:

- Equipment 20 years

The Company's PPE is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in the statement of operations and comprehensive loss. An impairment loss is reversed if there is evidence that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease income is recognized in the statement of income (loss) and comprehensive income (loss) on a straight line basis over the lease term. Costs including deprecation, incurred in earning the lease income are recognized as an expense.

The leased assets will be depreciated at a rate consistent with the Company's normal depreciation policy.

Accounting standards issued but not yet applied

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the financial statements upon adoption of this new and revised accounting pronouncement.

Effective for annual periods beginning on or after January 1, 2018:

- IFRS 9 – Financial Instruments introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.
- IFRS 15 - Revenue from Contracts with Customers is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

Effective for annual periods beginning on or after January 1, 2019:

- IFRS 16 - Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The extent of the impact of adoption has not yet been determined.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

1.13 Financial Instruments and Other Instruments

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge any obligations. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Fair value

The carrying value of cash, accounts receivable, accounts payable and due to a related party approximated their fair value because of the relatively short-term nature of these instruments.

Interest rate risk

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

Liquidity risk

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

Financial assets and liabilities 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 fair value of accounts receivables, advances, accounts payable and accrued liabilities, due to related party and due from related parties approximates fair value due to the short term nature of the financial instruments. Cash is classified as fair value through profit or loss and is measured using level 1 inputs of the fair value hierarchy.

1.14 Other MD&A Requirements

For more information about the Company, see http://www.toweronewireless.com/. The Company has not filed an AIF Annual Information Form.

Disclosure of Outstanding Share Data

a. Authorized:

10,000 common shares with a par value of COP 1,000 per common share

b. Common Shares Issued:

Balance, June 30, 2016	10,000
Balance, January 12, 2017	10,000

As at January 12, 2017 and September 30, 2016, there were no common shares held in escrow.

Risk Factors

The Company is focused on more select market introduction and development primarily on building towers in municipalities while instituting cost control of product development. The failure to generate future sales in the Company's main products could have a significant and adverse affect on the Company.

The Company success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse affect on the Company. The Company does not anticipate having key person insurance in effect for management. However, the Company will institute an insurance policy that provides directors and officers a minimum of $2 million liability coverage in the coming quarters. The contributions of these individuals to the immediate operations of the Company areof central importance. In addition, there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

The Company has incurred a net loss for the period ended September 30, 2016 of $207,988 and has a deficit of $229,139. Management is continuing efforts to attract additional equity and capital investors and implement cost control measures to maintain adequate levels of working capital. Nevertheless, there can be no assurance provided with respect to the successful outcome of these ongoing actions. If the Company is unable to obtain additional financing on reasonable terms, the Company may be required to curtail or reduce its operations to continue as a going concern.

In addition, the Company's limited working capital could affect the Company's ability to seize upon opportunities requiring investment, or to reinvest in its products in a timely manner.

SCHEDULE "C"

PRO-FORMA FINANCIAL STATEMENTS

[See Attached.]

PACIFIC THERAPEUTICS LTD.

PRO-FORMA FINANCIAL STATEMENTS

September 30, 2016

PACIFIC THERAPEUTICS LTD.

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

	Pacific Therapeutics Ltd. September 30, 2016	Tower Three SAS September 30, 2016	Note	Pro-Forma Adjustments	Pro-Forma Consolidated
ASSETS	$	$		$	$
Current					
Cash	57,717	49,803	2(c)	2,322,737	
			2(c)	(185,819)	2,244,438
Receivables	71,985	11,635		-	83,620
Prepaid expenses and deposits	60,382	-		-	60,382
Advances	-	30,948		-	30,948
	190,084	92,386		2,136,918	2,419,388
Construction in progress	-	89,969		-	89,969
Property and equipment	-	127,501		-	127,501
Other receivable	1	-		-	1
	190,085	309,856		2,136,918	2,636,859
LIABILITIES					
Current					
Accounts payable and accrued liabilities	299,563	63,157	2(a)	(201,755)	160,965
Convertible notes	62,950	-	2(a)	(56,000)	6,950
Due to related parties	268,374	479,177	2(a)	(177,605)	569,946
	630,887	542,334		(435,360)	737,861
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Shares capital	3,360,298	4,300	2(b)	(3,360,298)	
			2(b)	1,010,383	
			2(c)	2,322,737	
			2(c)	(148,655)	
			2(c)	(185,819)	3,002,946
Shares committed for issuance	10,000	-	2(b)	(10,000)	-
Equity component of convertible note	1,080	-	2(b)	(1,080)	-
Other accumulated loss	-	(7,639)		-	(7,639)
Reserves	118,132	-	2(b)	(118,132)	
			2(c)	148,655	148,655
Deficit	(3,930,312)	(229,139)	2(b)	3,930,312	
			2(b)	(1,015,825)	(1,244,964)
	(440,802)	(232,478)		2,572,278	1,898,998
	190,885	309,856		2,136,918	2,636,859

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE UNAUDITED PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

PACIFIC THERAPEUTICS LTD.

PRO-FORMA CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

	Pacific Therapeutics Ltd. Nine month period ended September 30, 2016	Tower Three SAS Nine month period ended September 30, 2016	Note	Pro-Forma Adjustments	Pro-Forma Consolidated
	$	$		$	$
Revenues					
Lease income	-	4,609		-	4,609
Cost of operations					
Depreciation	-	(823)		-	(823)
	-	3,786		-	3,786
EXPENSES					
Bank charges and interest	384	509		-	893
Insurance	16,291	345		-	16,636
Interest on convertible note	5,490	-		-	5,490
Office and miscellaneous	13,540	9,273		-	22,813
Permits and licenses	-	1,060		-	1,060
Professional fees	209,942	166,069		-	376,011
Share based payments	139,628	-		-	139,628
Transfer agent	17,318	-		-	17,318
Travel	-	34,518		-	34,518
	(402,593)	(211,774)		-	(614,367)
Gain on spin out transaction			2(a)	435,360	435,360
Listing expense	-	-	2(b)	(1,015,825)	(1,015,825)
Foreign exchange gain	5,713	-		-	5,713
LOSS	(396,880)	(207,988)		(580,465)	(1,185,333)
Other Comprehensive Loss					
Foreign currency translation adjustment	-	(7,639)		-	(7,639)
LOSS AND COMPREHENSIVE LOSS	**(396,880)**	**(215,627)**		(580,465)	**(1,192,972)**
Basic and diluted loss per common share					(0.03)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE UNAUDITED PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

PACIFIC THERAPEUTICS LTD.
PRO-FORMA CONSOLIDATED STATEMENT OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Unaudited - Expressed in Canadian Dollars)

	Pacific Therapeutics Ltd. Year ended December 31, 2015	Tower Three SAS Year ended December 31, 2015	Note	Pro-Forma Adjustments	Pro-Forma Consolidated
	$	$		$	$
EXPENSES					
Accretion	25,503	-		-	25,503
Advertising and promotion	22,386	-		-	22,386
Amortization of intangible assets	2,993	-		-	2,993
Bank charges and Interest	4,077	-		-	4,077
Insurance	9,707	-		-	9,707
Office and miscellaneous	1,666	-		-	1,666
Professional fees	85,486	21,151		-	106,637
Rent and occupancy costs	3,172	-		-	3,172
Share based payments	11,998	-		-	11,998
Telephone and utilities	1,516	-		-	1,516
Transfer agent	9,462	-		-	9,462
Travel	230	-		-	230
Wages and benefits	106,667	-		-	106,667
	(284,863)	(21,151)		-	(306,014)
Foreign exchange loss	(28,269)	-		-	(28,269)
Interest expense convertible notes	(6,395)	-		-	(6,395)
Gain on debt forgiveness	535,077	-		-	535,077
Loss on settlement of convertible note	(5,000)	-		-	(5,000)
Gain on derivative liability	36,188	-		-	36,188
Impairment of intangible assets	(67,065)	-		-	(67,065)
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	**179,673**	**(21,151)**		-	**158,522**
Basic and diluted loss per common share					0.12

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE UNAUDITED PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited pro-forma consolidated financial statements of Pacific Therapeutics Ltd. ("PT" or "the Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") from information derived from the financial statements of PT and the financial statements of Tower Three SAS ("T3") to show effect of the proposed transaction as discussed in Note 2.

The unaudited pro-forma consolidated financial statements of the Company are compiled from and include:

a) PT's unaudited condensed interim consolidated financial statements as at September 30, 2016.
b) T3's unaudited condensed interim financial statements as at September 30, 2016.
c) PT's audited financial statements as at December 31, 2015 and for the year then ended.
d) T3's audited financial statements as at December 31, 2015 and for the period then ended.
e) The additional information set out in Note 2.

The unaudited pro-forma consolidated financial statements should be read in conjunction with the audited financial statements of PT for the year ended December 31, 2015 and the audited financial statements of T3 for the year ended December 31, 2015 and have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements of the Company.

The unaudited pro-forma consolidated statement of financial position as at September 30, 2016 has been prepared as if the transactions had occurred on September 30, 2016. The unaudited pro-forma consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2015 and for the nine month period ended September 30, 2016 have been prepared as if the transactions had occurred on January 1, 2016.

The unaudited pro-forma consolidated financial statements are not necessarily indicative of the financial position that would have been achieved if the proposed transactions had been completed on the date indicated, nor do they purport to project the financial position or results of operations of the consolidated entities for any future period. In the opinion of the management of PT and T3, the unaudited pro-forma consolidated statements include all adjustments necessary for a fair presentation of the proposed transaction in Note 2.

2. PRO-FORMA ADJUSTMENTS AND ASSUMPTIONS

a) The British Columbia Supreme Court has granted final approval of the plan of arrangement to transfer the Company's asset purchase agreement relating to its biotechnology assets for the development of therapies for fibrosis and erectile dysfunction to Cabbay Holding Corp. In connection with the plan of arrangement, $435,360 of indebtedness was assigned to and assumed by Cabbay Holdings Corp.

b) The Company entered into a share purchase agreement with T3 ("the Acquisition") whereby the Company will acquire 100% of the issued and outstanding common shares of T3. In consideration for the shares, the Company will issue to T3's shareholders a total of 30,000,000 common shares of the Company ("the Consideration Shares").

   On completion of the Acquisition, the Company will be renamed Tower One Wireless Corp.

   As a result of the Acquisition, T3 shareholders will control the Company and the transaction is considered a reverse take-over ("RTO"). Since PT has become a dormant public shell, PT does not meet the definition of a business and the Acquisition is accounted for as a purchase of PT's net liabilities. The purchase consideration is determined as an equity-settled share-based payment, under IFRS 2, share-based payments, at the fair value of the equity instruments retained by the shareholders of the Company, based on the market value of the Company's common shares on the date of the closing of the RTO.

(Unaudited – Expressed in Canadian dollars)

2. PRO-FORMA ADJUSTMENTS AND ASSUMPTIONS (cont'd…)

The fair value of the net assets (liabilities) of PT as at September 30, 2016, prior to the Acquisition was:

Cash	$ 57,717
Amounts receivable	60,000
Prepaid expenses and deposits	60,382
Goods and services tax receivable	11,985
Other receivable	1
Accounts payable and accrued liabilities	(97,808)
Convertible note	(6,950)
Due to related parties	(90,769)
	$ (5,442)

The consideration consists of 6,735,885 common shares valued at $1,015,825.

Consideration	$ 1,010,383
Net monetary liabilities acquired	5,442
Listing expense	**$1,015,825**

C. The Company will complete a concurrent non-brokered private placement whereby the Company will raise $2,322,737 in gross proceeds through the issuance of 15,484,912 units at a price of $0.15 per unit. Each unit will consist of one common share and one common share purchase warrant. Each warrant is exercisable at a price of $0.40 for one year from the date of issuance. The Company will pay a cash finder's fee of 8% of the proceeds raised and issue finders' warrants equivalent to 8% of the number of units issued. Each finders' warrant will be exercisable at a price of $0.40 for one year from the date of issuance. The cash finders' fee is assumed to be $185,819 and the 1,238,793 finders' warrants have been valued at $148,655. The finders' warrants were valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, expected volatility 320.76%, risk-free interest rate 0.05% and an expected life of one year.

3. SHARE CAPITAL

Share capital as at September 30, 2016 in the unaudited pro-forma consolidated statement of financial position is comprised of:

	Number of Shares	Amount
Authorized		
Unlimited common shares without par value		
Issued		
T3 common shares outstanding as at September 30, 2016	10,000	$ 4,300
PT common shares outstanding as at September 30, 2016	6,735,885	3,360,298
RTO adjustment – eliminate T3 shares	(10,000)	-
RTO adjustment – eliminate PT share capital	-	(3,360,298)
Issuance of PT shares to acquire T3	30,000,000	1,010,383
Common shares issued in non-brokered private placement, net of share issuance costs	15,484,912	2,040,918
Common shares outstanding after the Acquisition	**52,220,797**	**$ 3,055,601**

The share purchase agreement provides that the 30,000,000 shares to be issued to acquire T3 shall be held by an escrow agent under an escrow agreement, which contains both performance milestones and time-based release restrictions. Following satisfaction of the milestones, and the release of shares from the performance escrow restrictions, all of the 30,000,000 shares issued to acquire T3 shall then be held and subject to a thirty-six-month escrow release schedule whereby 10% will be released upon final CSE approval of the Acquisition and 15% of the remaining escrow shares will be released every six-month period thereafter.

SCHEDULE "D"

STATEMENT OF EXECUTIVE COMPENSATION
For the year ended December 31, 2015

[See Attached.]

PACIFIC THERAPEUTICS LTD.

STATEMENT OF EXECUTIVE COMPENSATION
For the year ended December 31, 2015

Compensation Discussion and Analysis

Interpretation

"Named executive officer" ("**NEO**") means:

(a) a Chief Executive Officer ("**CEO**");

(b) a Chief Financial Officer ("**CFO**");

(c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 for that financial year; and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

The NEOs who are the subject of this Compensation Discussion and Analysis are Derick Sinclair, CEO, CFO and Douglas Unwin, former CEO.

Compensation Discussion and Analysis and Compensation Governance

The Board of Directors ("**Board**") ensures that total compensation paid to all NEOs, as hereinafter defined, is fair and reasonable. The Board relies on the experience of its members as officers, directors and consultants with other junior companies in assessing compensation levels. The Company currently has no formal compensation committee.

The principal elements of the executive officers' compensation consists of base salary and long-term incentive awards (stock options). Base salary is used to provide NEOs a set amount of money during the year with the expectation that each NEO will perform his responsibilities to the best of his ability and in the best interests of the Company.

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

Long Term Compensation and Option Based Awards

The Company has no long-term incentive plans other than the Plan. The Company's directors and officers and certain consultants are entitled to participate in the Plan. The Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Option Plan aligns the interests of the NEO and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Company's common shares.

Stock options are recommended by the Company's Board. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the NEO's and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- parties who are entitled to participate in the Plan;
- the exercise price for each stock option granted, subject to the provision the exercise price of any option must not be less than the greater of the closing market price of the underlying security on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options as permitted by the rules of the Exchange.
- the date on which each option is granted;
- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and
- any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Plan. The Board reviews and approves grants of options on an annual basis and periodically during a financial year. The Company used the BlackScholes option pricing model for calculating the fair value of options granted. The Black-Scholes model is commonly used by junior public companies.

Summary Compensation Table

The following table presents information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, to NEOs by the Company for services in all capacities to the Company during the three most recently completed financial years:

Name and principal position	Year Ended	Salary (CAD$)	Share-based awards ($)[1]	Optio nbased awar ds ($)[2]	Non-equity incentive plan compensation ($)[3]		Pension value ($)	All other compensation ($) [6]	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			
Douglas H. Unwin[4], former President, CEO and Director	2015	106,667	NIL	NIL	NIL	NIL	NIL	NIL	106,667
	2014	160,000	NIL	NIL	NIL	NIL	NIL	NIL	160,000
	2013	155,000	NIL	NIL	NIL	NIL	NIL	NIL	155,000
Derick Sinclair[5], President, CEO, CFO and Director	2015	24,000	NIL	NIL	NIL	NIL	NIL	NIL	24,000
	2014	36,000	NIL	NIL	NIL	NIL	NIL	NIL	36,000
	2013	34,500	NIL	NIL	NIL	NIL	NIL	NIL	34,500

Notes:

(1) "Share-based Awards" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

(2) "Option-based Awards" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

(3) "Non-equity Incentive Plan Compensation" includes all compensation under an incentive plan or portion of an incentive plan that is not an equity incentive plan.

(4) Douglas Unwin resigned as the Company's President Director, and CEO on August 25, 2015.

(5) At a Board of Directors meeting held on August 25, 2015, immediately following the Company's 2015 Annual General Meeting, the Board of Directors appointed Derick Sinclair as the Company's President and CEO, and he retained his position as the Company's CFO.

(6) Perquisites and other personal benefits, securities or property that do not in the aggregate exceed the lesser of $50,000 and 10% of the total of the annual salary and bonus for the NEOs for the financial year, if any, are not disclosed.

Narrative Discussion

The Company granted zero stock options to its NEOs during the financial year ended December 31, 2015.

Other than as set forth above, no NEO of the Company has received, during the most recently completed financial year, compensation pursuant to:

(a) any standard arrangement for the compensation of NEOs for their services in their capacity as NEOs, including any additional amounts payable for committee participation or special assignments;

(b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of NEOs in their capacity as NEOs; or

(c) any arrangement for the compensation of NEOs for services as consultants or expert.

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

An "incentive plan" is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period. An "incentive plan award" means compensation awarded, earned, paid, or payable under an incentive plan.

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year ended December 31, 2015 to the NEOs of the Company:

	Option-based Awards(3)				Share-based Awards(4)	
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 ($)**

Douglas H. Unwin(1), former President, CEO and Director	Nil	Nil	Nil	Nil	Nil	Nil
Derick Sinclair(2), President, CEO, CFO and Director	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Douglas Unwin resigned as the Company's President, Director and CEO on August 25, 2015.

(2) At a Board of Directors meeting held on August 25, 2015, immediately following the Company's 2015 Annual General Meeting, the Board of Directors appointed Derick Sinclair as the Company's President and CEO, and he retained his position as the Company's CFO.

(3) The option-based awards relate to those stock options awarded pursuant to the Plan.

(4) The Company does not have any share-based incentive compensation plans outstanding.

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

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each NEO during the most recently completed financial year ended December 31, 2015:

Name	Option-based awards – Value vested during the year ($)(3)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Douglas H. Unwin(1)	Nil	N/A	N/A
Derick Sinclair(2)	Nil	N/A	N/A
Wendi Rodrigueza(4)	4,500(5)	N/A	N/A

Notes:

(1) Douglas Unwin resigned as the Company's President and CEO on August 25, 2015.

(2) At a Board of Directors meeting held on August 25, 2015, immediately following the Company's 2015 Annual General Meeting, the Board of Directors appointed Derick Sinclair as the Company's President and CEO, and he retained his position as the Company's CFO.

(3) All of these options, if any, vested immediately on the date of grant, however, as all were granted with exercise prices equal to market price on the grant dates, no optionee would have realized any value if the options had been exercised on the vesting dates. The option values were estimated using the Black-Scholes option pricing model.

(4) Dr. Rodrigueza was not re-elected at the Company's last annual general meeting and as a result no longer serves on the Company's board of directors.

(5) On February 2, 2015, 5,000 options to purchase class A common shares of the Company at an exercise price of $3.00 per share and expiring 5 years after issuance. The foregoing is disclosed on a post-consolidation basis. The option values were estimated using the Black-Scholes option pricing model.

There was no re-pricing of stock options under the Option Plan or otherwise during the Company's most recently completed financial year ended December 31, 2015.

Pension Plan Benefits – Defined Benefits Plan

The Company does not have a Defined Benefits Pension Plan nor a Defined Contribution Pension Plan.

Termination and Change of Control Benefits

The Company does not have any contracts, agreements, plans or arrangements that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO's responsibilities, that are in effect.

Director Compensation

Director Compensation Table

The following table sets forth information concerning the annual and long-term compensation in respect of the directors of the Company other than the Named Executive Officers, during the fiscal year ended December 31 2015. For details of the compensation for the Named Executive Officers who are also directors of the Company, see disclosure in "*Summary Compensation Table for Named Executive Officers*".

Name	Fees earned ($)(1)	Share based awards ($)(2)	Option based awards ($)(3)	Non-equity incentive plan compensation ($)(4)	Pension value ($)(5)	All other compensation ($)	Total ($)
Derick Sinclair	0	0	0	0	0	0	0
Brian Gusko	0	0	0	0	0	0	0
Neil Cox[6]	0	0	0	0	0	0	0
Dr. Wendi Rodriugeza[7]	0	0	$4,500	0	0	0	0
Douglas H. Unwin	0	0	0	0	0	0	0
M. Greg Beniston	0	0	0	0	0	0(6)	0
Douglas Wallis	0	0	0	0	0	0	0

Notes:
(1) The Company does not have any current plans for the payment of fees to Company directors.
(2) The Company does not have any share-based incentive compensation plans outstanding.
(3) The option values were estimated using the Black-Scholes option pricing model.
(4) The Company does not have any non-equity incentive compensation plans outstanding.
(5) The Company does not have a pension plan.
(6) Neil Cox resigned as director on November 17, 2015.
(7) Dr. Rodrigueza was not re-elected at the Company's last annual general meeting and as a result no longer serves on the Company's board of directors.

The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the Exchange.

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the directors of the Company other than NEOs, whose compensation is fully reflected in the summary compensation table for the NEO's:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options(1) ($)	Number of Shares or units of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)
Derick Sinclair	N/A	N/A	N/A	N/A	N/A	N/A
Brian Gusko[1]	N/A	N/A	N/A	N/A	N/A	N/A
Neil Cox[2]	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Wendi Rodriugeza[3]	N/A	N/A	N/A	N/A	N/A	N/A
Douglas H. Unwin[4]	N/A	N/A	N/A	N/A	N/A	N/A
M. Greg Beniston[4]	N/A	N/A	N/A	N/A	N/A	N/A
Douglas Wallis[4]	N/A	N/A	N/A	N/A	N/A	N/A

(1) Brian Gusko was elected as a director at the Company's previous annual general meeting.

(2) Neil Cox resigned as director on November 17, 2015.

(3) Dr. Rodrigueza was not re-elected at the Company's last annual general meeting and as a result no longer serves on the Company's board of directors.

(4) Douglas H. Unwin, M. Greg Beniston, and Douglas Wallis all resigned from the Company's board at its last annual general meeting.

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

The following table presents information concerning value vested with respect to option-based awards and share-based awards for the directors of the Company during the most recently completed financial year ended December 31, 2015 other than NEOs, whose compensation is fully reflected in the summary compensation table for the NEO's:

Name	Option-based awards – Value vested during the year ($)(1)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Derick Sinclair	Nil	Nil	Nil
Brian Gusko[2]	Nil	Nil	Nil
Neil Cox[3]	Nil	Nil	Nil
Dr. Wendi Rodriugeza[4]	$4,500[6]	Nil	Nil

Douglas H. Unwin(5)	Nil	Nil	Nil
M. Greg Beniston(5)	Nil	Nil	Nil
Douglas Wallis(5)	Nil	Nil	Nil

(1) All of these options vested immediately on the date of grant, however, as all were granted with exercise prices equal to market price on the grant dates, no optionee would have realized any value if the options had been exercised on the vesting dates. The option values were estimated using the Black- Scholes option pricing model.

(2) Brian Gusko was elected as a director at the Company's previous annual general meeting.

(3) Neil Cox resigned as director on November 17, 2015.

(4) .Dr. Rodrigueza was not re-elected at the Company's last annual general meeting and as a result no longer serves on the Company's board of directors.

(5) Douglas H. Unwin, M. Greg Beniston, and Douglas Wallis all resigned from the Company's board at its last annual general meeting.

(6) On February 2, 2015, the Company issued 5,000 options (calculated on a post-consolidation basis) for the purchase of common share of the Company exercisable at a price of $3.00 per share (calculated on a post-consolidation basis). The option values were estimated using the Black-Scholes option pricing model.

Narrative Discussion

For a summary of the material provisions of the Company's Plan, pursuant to which all option-based awards are granted to the Company's directors, please see below under the heading "*Information Concerning the Company – Options to Purchase Shares*". The Company granted 13,333 stock options in the year ending December 31, 2015.

Long Term Incentive Plans

The Company does not have a Long Term Incentive Plan pursuant to which it provides compensation intended to motivate performance over a period greater than one financial year.

Termination of Employment, Change in Responsibilities and Employment Contracts

Other than as disclosed below, during the most recently completed financial year there were no employment contracts between the Company or its subsidiaries and a NEO, and no compensatory plans, contracts or arrangements where a NEO is entitled to receive more than $100,000 from the Company or its subsidiaries, including periodic payments or installments, in the event of:

(a) The resignation, retirement or any other termination of the NEO's employment with the Company and its subsidiaries;

(b) A change of control of the Company or any of its subsidiaries; or

(c) A change in the NEO's responsibilities following a change in control.

The Company entered into an Employment Agreement with Mr. Unwin effective as of January 1, 2010. This was the only change of control agreement the Company has entered into. In the event of a potential change in control and until twelve (12) months after a change in control, unless Mr. Unwin terminates his employment with the Company for good reason, Mr. Unwin will continue to diligently carry out his duties and obligations under his employment agreement. If within twelve (12) months following a change of control of the Company, Mr. Unwin terminates his employment for good reason, or the Company terminates his employment other than for cause, the Company would be obligated to pay to Mr. Unwin a lump sum equal to twelve (12) months of his then current base salary plus other sums owed for arrears of salary, vacation pay and any performance bonus. In such case, the Company would also obligated to maintain Mr. Unwin's benefits for the twelve (12) month period and his unvested stock options will immediately vest. Mr. Unwin subsequently resigned from the Company prior to any change of control event and as such the mentioned agreement is no longer in effect. No further changes to employment contracts have occurred.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out, as of the end of the Company's fiscal year ended December 31, 2015, all required information with respect to compensation plans under which equity securities of the Company are authorized for issuance: For further information regarding the Plan, please see "*Information Concerning the Company – Options to Purchase Shares*".

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in
Plan Category	**(a)**	**(b)**	**(c)**
Equity compensation plans approved by security holders	0	N/A	N/A
Equity compensation plans not approved by security holders	N/A	Nil	N/A
Total	0	Nil	N/A

(1) Based on 10% rolling stock option plan.

Corporate Governance Disclosure

Board of Directors

The Board of Directors presently has four (4) directors including Christine Mah, Brian Gusko, Robert Horsley and Derick Sinclair, the first two of whom are independent. The definition of independence used by the Company is that used by the Canadian Securities Administrators, which is set out in section 1.4 of National Instrument 52-110 *Audit Committees* ("**NI 52-110**"). A director is independent if he has no direct or indirect material relationship to the Company. A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of the director's independent judgment. Certain types of relationships are by their very nature considered to be material relationships and are specified in section 1.4 of NI 52-110.

Brian Gusko and Christine Mah are considered independent directors. Robert Horsley is not considered independent as he is a senior officer of the Company

The Board believes that the principal objective of the Company is to generate economic returns with the goal of maximizing shareholder value, and that this is to be accomplished by the Board through its stewardship of the Company. In fulfilling its stewardship function, the Board's responsibilities will include strategic planning, appointing and overseeing management, succession planning, risk identification and management, communications with other parties and overseeing financial and corporate issues. Directors are involved in the supervision of management.

Pursuant to the BCBCA, directors must declare any interest in a material contract or transaction or a proposed material contract or transaction. Further, the independent members of the Board of Directors meet independently of management members when warranted.

Other Directorships

The directors of the Company are also currently directors of the following reporting issuers:

Brian Gusko

He is a director Lomiko Metals Inc. (TSXV: LMR) and cloud nine Education Group (reporting issuer in BC, but not listed on an exchange).

Robert Horsley

He is a director of Evolving Gold Corp. (TSXV: EVG).

Derick Sinclair

He is a director of Madeira Minerals Ltd. (NEX: MDEH) and JDF Explorations Inc. (CSE: JDF).

Christine Mah

None.

Orientation and Continuing Education

The Board has not adopted a formal policy on the orientation and continuing education of new and current directors.

When a new director is appointed, the Board delegates individual directors the responsibility for providing an orientation and education program for any new director. This may be delivered through informal meetings between the new directors and the Board and senior management, complemented by presentations on the main areas of the Company's business. When required the Board may arrange for topical seminars to be provided to members of the Board or committees of the Board. Such seminars may be provided by one or more members of the Board and management or by external professionals.

Ethical Business Conduct

The directors encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility.

In addition, some of the directors of the Company also serve as directors and officers of other companies, the

Board must comply with the conflict of interest provisions of the BCBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Each director is required to declare the nature and extent of his interest and is not entitled to vote at meetings which involve such conflict.

Nomination of Directors

The Board performs the functions of a nominating committee with respect to appointment of directors. The Board believes that this is a practical approach at this stage of the Company's development. While there are not specific criteria for board membership, the Company attempts to attract and maintain directors with business knowledge, which assists in guiding management of the Company.

Compensation

The Company does not currently have a formal compensation committee.

Other Board Committees

Committees of the Board are an integral part of the Company's governance structure. At the present time, the only standing committee is the Audit Committee. Please see the table under the heading "Election of Directors" in this Circular for disclosure of the membership of each committee.

The Committees of the Board of Directors is responsible for: (i) developing and recommending to the Board a set of corporate governance principles applicable to the Company to ensure that the Company's corporate governance system is effective in discharge of its obligations to the Company's stakeholders; (ii) identifying individuals qualified to become new Board members and to recommend to the Board new director nominees from time to time; (iii) establishing and administering a process (including a review by the full Board and discussion with management) for assessing the effectiveness of the Board as a whole and the committees of the Board; (iv) assisting the Board in overseeing the process of evaluation of the Board, its committees and individual directors; (v) establishing, administering and evaluating the compensation philosophy, policies and plans for non-employee directors and executive officers; (vi) ensuring that the Company has in place programs to attract and develop management of the highest caliber and a process to provide for the orderly succession of management; and (vii) making recommendations to the Board regarding director and executive compensation based on a review of the performance of the directors and executive officers.

Assessments

The Board does not have any formal policies to evaluate the effectiveness of the Board, the Audit Committee and the individual directors. The Board may appoint a special committee of the directors to evaluate the Board, its committees and assess the contribution of its individual directors and to recommend any modifications to the functioning and governance of the Board and its committees. To date, the Board has not appointed any such special committees of directors to perform such analysis.