

A copy of this preliminary prospectus has been filed with the securities regulatory authority in the province of British Columbia, Alberta and Ontario but has not yet become final. Information contained in this preliminary prospectus may not be complete and may have to be amended.

This Preliminary Prospectus is not related to a public offering. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PRELIMINARY PROSPECTUS

NON-OFFERING PROSPECTUS

November 30, 2015

Breathtec Biomedical, Inc. **(“Breathtec”)**

This Prospectus is being filed with the British Columbia, Alberta, and Ontario Securities Commissions for the purpose of complying with Notice 2015-003 Regulatory Guidance on Plans of Arrangement and Capital Structure published by the Canadian Securities Exchange (the “**Exchange**”).

No securities are being offered pursuant to this Prospectus. This Prospectus is being filed with the British Columbia, Alberta, and Ontario Securities Commissions for the purpose of providing full public disclosure regarding the merger of Breathtec and a private Florida company, Breathtec Biomedical, Inc. (“**TargetCo**”), and the plans to seek a listing on the Canadian Securities Exchange (the “**Listing**”). As no securities are being offered pursuant to this Prospectus, no proceeds will be raised in connection with this Prospectus.

There is no market through which the securities of Breathtec may be sold. This may affect the pricing of Breathtec’s securities in the secondary markets; the transparency and availability of trading prices; the liquidity of Breathtec’s securities; and the extent of issuer regulation. See “Part IV – Risk Factors”. Listing will be subject to Breathtec fulfilling all of the listing requirements of the Exchange, including without limitation, the distribution of the Resulting Issuer Shares to a minimum number of public shareholders and Breathtec meeting certain financial and other requirements.

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

One of the persons providing a certificate under part 5 of National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators, are incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or reside outside of Canada. The individual, Mike Constanzo, has appointed McMillan LLP of 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia, V6E 4N7 as their respective agent for service of process in British Columbia. It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

As at the date of this Prospectus, neither Breathtec nor TargetCo has any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of American (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

BREATHTEC BIOMEDICAL, INC.

**113A-8275 92 Street
Delta, British Columbia
V4G 0A4**

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FINANCIAL STATEMENT DISCLOSURE

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APPENDIX “A1”	BREATHTEC MANAGEMENT DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED AUGUST 31, 2015
APPENDIX “B”	TARGETCo AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AUGUST 31, 2015
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CERTIFICATE OF THE ISSUER

CERTIFICATE OF THE PROMOTERS

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are forward-looking statements or information (collectively “**forward-looking statements**”). The Issuer, TargetCo and the Resulting Issuer are hereby providing cautionary statements identifying important factors that could cause the actual results of the Issuer, TargetCo or the Resulting Issuer to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “may”, “is expected to”, “anticipates”, “estimates”, “intends”, “plans”, “projection”, “could”, “vision”, “goals”, “objective” and “outlook”) are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Issuer, TargetCo and the Resulting Issuer have assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Issuer, TargetCo or the Resulting Issuer.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Issuer, TargetCo or the Resulting Issuer, that could influence actual results include, but are not limited to: completion of the Transaction to be subject to several conditions precedent, limited operating history, reliance on management, requirements for additional financing, competition, difficulty in forecasting sales, conflicts of interest, litigation, price fluctuation of the Resulting Issuer’s shares, no earnings or dividend record, limited market for the Resulting Issuer’s securities, technological changes, regulations and guidelines, intellectual property rights, low barriers to entry and competition from other group purchasing organizations, dependence on continued growth of developing online commerce market, capacity constraints, system failures, failure to maintain brand development, new services, features and functions, fluctuating consumer trends, uncertainties related to TargetCo’s business, changes in governmental and legal uncertainties, acquisitions, risks related to international operations, protecting intellectual property rights and other factors beyond the control of the Issuer, TargetCo or the Resulting Issuer.

The forward-looking information contained in this Prospectus is based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about general business and economic conditions, changes in financial markets generally, the Resulting Issuer’s ability to attract and retain skilled staff, and the Resulting Issuer’s capital expenditure program. Although Breathtec and TargetCo have attempted to identify material 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 to differ from those anticipated, estimated or intended.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, neither the Issuer, TargetCo nor the Resulting Issuer undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the businesses of the Issuer, TargetCo or the Resulting Issuer or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See “Part IV – Risk Factors”.

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 “US\$” are to United States dollars. All financial information with respect to the Issuer and TargetCo has been presented in Canadian dollars in accordance with generally accepted accounting principles in Canada unless otherwise stated.

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this Prospectus. This is not an exhaustive list of defined terms used in this Prospectus and additional terms are defined throughout. Terms and abbreviations used in the financial statements of the Issuer and TargetCo are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

“\$”	Means Canadian dollars.
“Affiliate”	<p>Means a Company that is affiliated with another Company as described below: A Company is an “Affiliate” of another Company if:</p> <ul style="list-style-type: none"> a) one of them is the subsidiary of the other, or b) each of them is controlled by the same Person. <p>A Company is “controlled” by a Person if:</p> <ul style="list-style-type: none"> a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company. <p>A Person beneficially owns securities that are beneficially owned by:</p> <ul style="list-style-type: none"> a) a Company controlled by that Person, or b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.
“Applicable Florida State Law”	Means the FBCA.
“Arrangement”	Means the plan of arrangement whereby, Breathtec, being a subsidiary of Breathtec Parent, entered into the Arrangement Agreement. The arrangement was approved by Breathtec Parent shareholders on July 30, 2015 and approved by the Ontario Superior Court of Justice (Commercial List) on August 5, 2015 . The Arrangement was completed on September 23, 2015 and upon closing Breathtec issued 2,575,898 common shares to Breathtec Parent, which shares were distributed to shareholders of Breathtec Parent pursuant to the Arrangement Agreement.
“Arrangement Agreement”	Means the arrangement agreement between Breathtec Parent and Breathtec dated June 25, 2015 in respect of the Arrangement.

“Associate”	When used to indicate a relationship with a Person or Company, means: <ul style="list-style-type: none"> a) an issuer of which the Person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer, b) any partner of the Person or Company, c) any trust or estate in which the Person or Company has a substantial beneficial interest or in respect of which a Person or Company serves as trustee or in a similar capacity, d) in the case of a Person, a relative of that Person, including <ul style="list-style-type: none"> i. that Person’s spouse or child, or ii. any relative of the Person or of his spouse who has the same residence as that person; but e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding Company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding Company.
“BCBCA”	Means the <i>Business Corporations Act</i> (British Columbia).
“Board” or “Board of Directors”	Means the board of directors of Breathtec, TargetCo or the Resulting Issuer, as applicable.
“Breathtec” or the “Issuer”	Means Breathtec Biomedical, Inc., a company incorporated under the BCBCA and formerly known as PBA Acquisitions Corp.
“Breathtec Auditor”	Means the auditor for Breathtec, being James Stafford, Inc.
“Breathtec Options”	Means the common share purchase options of Breathtec granted under the Stock Option Plan to be issued by Breathtec prior to or on Closing to acquire Resulting Issuer Shares.
“Breathtec Parent”	Means Petro Basin Energy Corp.
“Breathtec Shares”	Means the shares of common stock of Breathtec.
“Breathtec Shareholders”	Means holders of the Breathtec Shares.
“Business Day”	Means a day other than Saturday, Sunday or a statutory holiday in Vancouver, British Columbia, Canada or West Palm Beach, Florida, USA.
“CEO”	Means Chief Executive Officer.
“CFO”	Means Chief Financial Officer.
“Closing”	Means the completion of the Merger.

“Concurrent Financing”	Means an equity financing consisting of 7,101,400 units of Breathtec at a price of \$0.25 per unit for gross proceeds of \$1,775,350 with each unit consisting of one Breathtec Share and one-half of one common share purchase warrant with each whole warrant exercisable to acquire one additional Breathtec Share at a price of 0.40 until October 14, 2017.
“CSE” or the “Exchange”	Means the Canadian Securities Exchange.
“CSE Escrow Agreement”	Means the escrow agreement to be entered into among the Resulting Issuer, the Transfer Agent and certain shareholders, pursuant to which 7,763,400 Resulting Issuer Shares will be held in escrow pursuant to National Policy 46-201 – <i>Escrow for Initial Public Offerings</i> .
“CSE Escrow Shares”	Means the 7,763,400 Resulting Issuer Shares that are held in escrow pursuant to the CSE Escrow Agreement.
“Code”	Means the United States Internal Revenue Code of 1986, as amended.
“Company”	Unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
“Control Person”	Means any person or Company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.
“Effective Date”	Means the effective date of the Merger which was October 26, 2015.
“Effective Time”	Means the time set out in the Certificate of Merger for the Merger (West Palm Beach time) on the Effective Date or such other time as Breathtec and TargetCo may agree.
“Existing TargetCo Stockholders”	Means the shareholders of TargetCo as at the closing date of the Merger, as such shareholders are more particularly described in Schedule “A” of the Merger Agreement.
“FBCA”	Means the <i>Florida Business Corporations Act</i> .
“Final Prospectus”	Means the (final) non-offering prospectus of Breathtec, prepared in accordance with NI 41-101, relating to the Merger and the Resulting Issuer and filed with the Principal Regulator solely for the purpose of complying with Notice 2015-003 Regulatory Guidance on Plans of Arrangement and Capital Structure, published by the Exchange.
“Final Receipt”	Means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Final Prospectus in British Columbia.

“Insider”	If used in relation to an issuer, means: a) a director or senior officer of the issuer; b) a director or senior officer of the Company that is an Insider or subsidiary of the issuer; c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or d) the issuer itself if it holds any of its own securities.
“Material Adverse”	Means, when used in respect of a fact, circumstance, change, effect, occurrence, event or term means a fact, circumstance, change, effect, occurrence, event or term that (a) materially and adversely affects, or would reasonably be expected to materially and adversely affect, the business, assets, liabilities, condition (financial or otherwise) or capital of Breathtec or (b) prevents, or would reasonably be expected to prevent, Breathtec from performing its obligations under this Agreement or consummating the transactions contemplated herein; provided, however, that it will not include: (i) any fact, circumstance, event, change, effect, occurrence, event or term relating to the global economy or securities markets in general; or (ii) any fact, circumstance, event, change, effect, occurrence or event affecting the industry in which Breathtec operates in general and which, in each case, does not have a materially disproportionate effect on Breathtec relative to comparable entities operating in the industry in which Breathtec conducts its business.
“Material Adverse Change” or “Material Adverse Effect”	Means with respect to Breathtec or TargetCo, as the case may be, any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is Materially Adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of Breathtec or TargetCo, as the case may be, on a consolidated basis.
“Merger”	Means the merger transaction completed on October 26, 2015 pursuant to the terms of the Merger Agreement structured as a reverse-takeover, specifically, as a triangular merger under the FBCA among Breathtec, MergerCo, and TargetCo pursuant to which MergerCo was merged with and into TargetCo, with TargetCo as the SurvivingCo.
“Merger Agreement”	Means the agreement and plan of merger dated September 11, 2015 among Breathtec Parent, Breathtec, TargetCo and MergerCo, a copy of which is attached as Appendix “D” hereto.
“MergerCo”	Means Breathtec MergerCo, Inc. incorporated as a direct, wholly owned subsidiary of Breathtec under the FBCA on September 11, 2015, for the sole purpose of effecting the Merger with TargetCo in connection with the Acquisition pursuant to the Merger Agreement. As a result of the Merger, MergerCo and TargetCo merged to create the operating subsidiary of the Resulting Issuer.
“MergerCo Shares”	Means all of the outstanding shares of common stock of MergerCo.

“NI 41-101”	Means National Instrument 41-101 – <i>General Prospectus Requirements</i> , of the Canadian Securities Administrators.
“NI 45-106”	Means National Instrument 45-106 – <i>Prospectus Exemptions</i> , of the Canadian Securities Administrators.
“NI 52-110”	Means National Investment 52-110 – <i>Audit Committees</i> , of the Canadian Securities Administrators.
“Named Executive Officer” or “NEO”	Means: a) the CEO; b) the CFO; c) the Corporate Secretary; d) each of the issuer’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus, individually, exceeds \$150,000 per year; or e) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the issuer at the end of the most recently completed financial year.
“Non Arm’s Length Party”	Means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.
“Non Arm’s Length Transaction”	Means a proposed transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both Breathtec and TargetCo which is the subject of the proposed transaction.
“Person”	Means a Company or individual.
“Preliminary Prospectus”	Means the (preliminary) non-offering prospectus of Breathtec, prepared in accordance with NI 41-101, relating to the Acquisition and filed with the Principal Regulator solely for the purpose of complying with Notice 2015-003 Regulatory Guidance on Plans of Arrangement and Capital Structure, published by the CSE.
“Preliminary Receipt”	Means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Preliminary Prospectus in British Columbia.
“Principal Regulator”	Means the British Columbia Securities Commission.
“Prospectus”	Means, collectively, the Preliminary Non-Offering Prospectus and the Final Non-Offering Prospectus (including any Supplementary Material thereto).

“Related Person”	Means an Insider, which has the meaning set forth in the <i>Securities Act</i> (British Columbia): a) director or senior officer of the Resulting Issuer; b) a director or senior officer of the Company that is an insider or subsidiary of the Resulting Issuer; c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Resulting Issuer; or d) the Resulting Issuer itself if it holds any of its own securities.
“Regulation D”	Means Regulation D promulgated under the U.S. Securities Act.
“Regulation S”	Means Regulation S promulgated under the U.S. Securities Act.
“Resulting Issuer”	Means Breathtec upon completion of the Merger, which is known as Breathtec Biomedical, Inc.
“Resulting Issuer Options”	Means the common share purchase options of the Resulting Issuer.
“Resulting Issuer Shares”	Means the common shares in the capital of the Resulting Issuer.
“SEDAR”	Means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrator.
“Stock Option Plan”	Means the incentive stock option plan of the Resulting Issuer, attached hereto as Appendix “E”.
“SurvivingCo”	Means TargetCo, which was the surviving corporation of the Merger of MergerCo with and into TargetCo pursuant to the Merger.
“TargetCo”	Means Breathtec Biomedical, Inc., a company incorporated under the FBCA;
“TargetCo Auditor”	Means the auditor for TargetCo being Smythe LLP, Chartered Professional Accountants.
“TargetCo Bridge Financing”	Means the equity financing of 5,605,400 common shares issued at US\$0.20 per share of TargetCo for gross proceeds of US\$1,121,080 which was completed on May 31, 2015.
“Transfer Agent”	Means the transfer agent and registrar of the Resulting Issuer, being CST Trust Company.
“Transaction”	Means the reverse-takeover of Breathtec by TargetCo which was effected through the Merger and the completion of the Concurrent Financing.

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

Principal Business of Breathtec Biomedical, Inc. (“Breathtec”)

Breathtec was incorporated on April 10, 2015 under the BCBCA as “PBA Acquisitions Corp.”. Breathtec changed its name to “Breathtec Biomedical, Inc.” on July 23, 2015.

Breathtec was incorporated as a wholly-owned subsidiary of Petro Basin Energy Corp. (“**Breathtec Parent**”). Breathtec entered into the Arrangement Agreement with Breathtec Parent and the Arrangement Agreement and the associated plan of arrangement were approved by Breathtec Parent shareholders on July 30, 2015, and approved by the Ontario Superior Court of Justice (Commercial List) on August 5, 2015. The plan of arrangement was completed on September 23, 2015.

Breathtec has not conducted any material commercial operations other than entering into the Merger Agreement with TargetCo.

The Transaction between Breathtec and TargetCo

Pursuant to the terms of the Merger Agreement, Breathtec Parent spun out Breathtec to Breathtec Parent shareholders on September 23, 2015 in reliance on the prospectus and registration exemptions set forth in section 2.11 of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators, and as a result thereof, Breathtec became a reporting issuer in the Provinces of British Columbia, Ontario and Alberta.

On September 11, 2015 Breathtec incorporated under the FBCA, a wholly-owned subsidiary named Breathtec Merger Co, Inc. (“**MergerCo**”).

On January 22, 2015, TargetCo was incorporated under the FBCA.

Breathtec Parent, Breathtec, MergerCo and TargetCo entered into the Merger Agreement dated effective September 11, 2015.

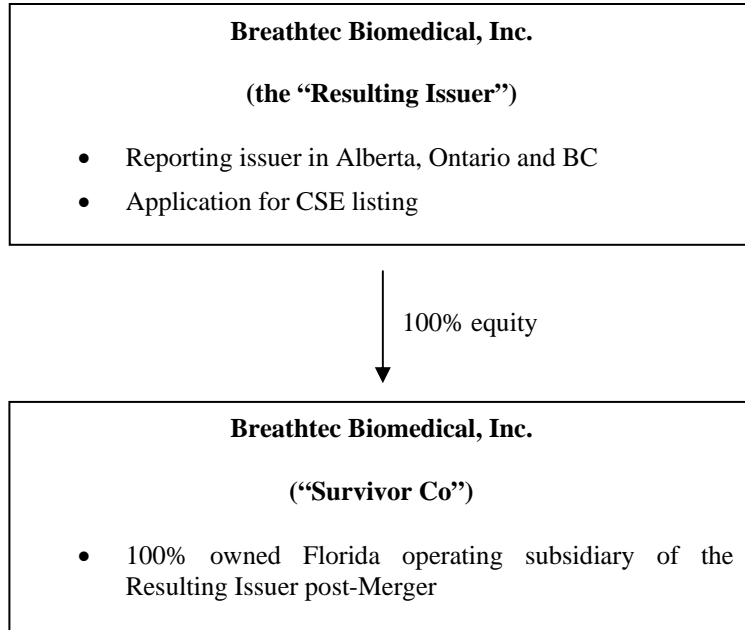
The merger transaction contemplated in the Merger Agreement was structured as a reverse-takeover, specifically, as a triangular merger under the FBCA among Breathtec, MergerCo, and TargetCo pursuant to which MergerCo was merged with and into TargetCo, with TargetCo as the surviving corporation on terms more particularly set forth in the Merger Agreement.

Breathtec, in its capacity as the sole stockholder of MergerCo, approved the Merger which was completed on October 26, 2015.

Breathtec acquired a 100% interest in TargetCo pursuant to and on the terms and subject to the conditions set out in the Merger Agreement, a copy of which is attached as Appendix “D” to this Prospectus. Pursuant to the Merger, Breathtec issued an aggregate of 15,605,400 common shares and 7,802,700 warrants to the TargetCo shareholders. The Merger was approved by a majority of the shareholders of TargetCo by written consent, and was approved by a written consent resolution of the boards of directors of the respective parties. As a result of the Merger, the former securityholders of TargetCo became securityholders of the Resulting Issuer.

Breathtec will apply for conditional approval to list on the CSE concurrent with filing this Prospectus with the Principal Regulator.

The diagram below describes the inter-corporate relationship between the Resulting Issuer and Breathtec post-Merger:



The Merger Agreement

Breathtec entered into a non-binding letter of intent with TargetCo dated June 4, 2015, which described the essential terms and conditions of the proposed agreement whereby Breathtec would acquire all of the issued and outstanding common shares in the capital of TargetCo, in connection with a proposed business combination. This non-binding letter of intent was later replaced and superseded by the Merger Agreement.

Upon the terms and subject to the conditions set forth in the Merger Agreement, upon closing of the Merger (the **“Effective Time”**):

- (i) As consideration for entering into the Merger Agreement, Breathtec exchanged, on a pro rata basis, the TargetCo Shares held by the Existing TargetCo Stockholders with 15,605,400 Resulting Issuer Shares and 7,802,700 Resulting Issuer Warrants;
- (ii) Each TargetCo Share exchanged for fully paid and non-assessable Resulting Issuer Shares and Resulting Issuer Warrants was cancelled;
- (iii) Each MergerCo Share issued and outstanding immediately prior to the Effective Date was exchanged for one (1) share of common stock of SurvivingCo; and
- (iv) SurvivingCo became a wholly-owned subsidiary of the Resulting Issuer.

Upon completion of the Merger, the TargetCo shareholders held 15,605,400 Resulting Issuer Shares representing approximately 40.9% of the issued and outstanding Resulting Issuer Shares. 7,763,400 common shares issued to TargetCo shareholders will be subject to escrow. The Merger Agreement provides that the first directors of the Resulting Issuer are Mike Costanzo, Michael Sadhra, Raj Attariwala, and Kal Malhi. The first officers of the Resulting Issuer are Mike Costanzo as Chief Executive Officer, Michael Sadhra as Chief Financial Officer and Kal Malhi as President and Secretary.

Private Placement Financings

On May 31, 2015, TargetCo completed an equity financing (the “**TargetCo Bridge Financing**”) by way of a private placement relying on the prospectus and or registration exemptions pursuant to available “accredited investors” and other exempt purchasers exemptions from applicable Canadian prospectus requirements, and the exclusions from the registration requirements of the *U.S. Securities Act* of 1933, as amended (the “**US Securities Act**”), provided by Rule 903 of Regulation S (“**Regulation S**”) thereunder or other applicable laws, rules and regulations to raise US\$1,121,080 by the issuance of 5,605,400 common shares at a price of US\$0.20 per share.

On October 14, 2015 Breathtec completed an equity financing (the “**Concurrent Financing**”) by way of a private placement relying on the prospectus and or registration exemptions pursuant to NI 45-106 or other applicable laws, rules and regulations to issue 7,101,400 units of Breathtec at a price of \$0.25 per unit to raise \$1,775,350. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional Resulting Issuer Share at an exercise price of \$0.40 until October 14, 2017.

In connection with the Concurrent Financing, Breathtec paid eligible finders a cash commission equal to 8% of the gross proceeds raised and issued common share purchase warrants equal to 8% of the eligible units sold by such finder pursuant to the Concurrent Financing. In total, an aggregate of \$120,028 was paid and 480,112 common share purchase warrants (“**Finder Warrants**”) were issued by Breathtec to eligible finders. Each Finder Warrant entitles the holder thereof to purchase one Breathtec Share at a price of \$0.25 until October 14, 2017.

Funds Available and Use of Available Funds

As at October 31, 2015, the estimated consolidated working capital, being current assets less current liabilities, for the Resulting Issuer was approximately \$2,474,248. To the extent that the Resulting Issuer has negative operating cash flow in future periods, the Resulting Issuer may use a portion of the unallocated capital referenced in the table below to fund such negative operating cash flow. The principal purposes for the use of those funds for the next twelve months will be as follows:

Item	\$
Funds Available	
Working capital of Breathtec, as at October 31, 2015	\$1,365,737
Working capital of TargetCo, as at October 31, 2015	\$1,108,511
Total	\$2,474,248
Principal Purposes for the use of Funds Available	
Remaining transaction and prospectus related costs	\$75,000
Investor Relations	\$168,000
Research, Product Development & Commercialization	\$492,000 ⁽¹⁾
General & Administrative	\$627,000 ⁽²⁾
Unallocated working capital	\$1,112,248
Total	\$2,474,248

Notes:

- (1) For a breakdown of Research, Product Development & Commercialization see the “Business Objectives and Milestones” table on page 33.
- (2) General & Administrative is broken down as follows: (i) salaries (\$45,000 per month), (ii) rent (US\$4,800 per month), (iii) utilities (US\$1,000 per month), and (iv) office supplies and miscellaneous (US\$1,500 per month / approximately). Figure does not total \$627,000 due to rounding and currency conversion.
- (3) Currency conversion based on an exchange rate of US\$1.00 equals 1.3075.

The Resulting Issuer intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of net

proceeds will be subject to the discretion of management. See “Part III – Information Concerning The Resulting Issuer – Use of Proceeds”.

Risk Factors

An investment in the Resulting Issuer involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Resulting Issuer. The risks, uncertainties and other factors, many of which are beyond the control of Breathtec, TargetCo or the Resulting Issuer, that could influence actual results include, but are not limited to: limited operating history, reliance on management, reliance on successful development of a prototype breath test, requirements for additional financing, risks related to laboratory developed tests and FDA approval, competition, difficulty in forecasting sales, conflicts of interest, litigation, price fluctuation of the Resulting Issuer Shares, no earnings or dividend record, limited market for the Resulting Issuer’s securities, intellectual property rights, low barriers to entry, changes in governmental and legal uncertainties, acquisitions, risks related to international operations, protecting intellectual property rights and other factors beyond the control of the Issuer, TargetCo, or the Resulting Issuer. For more information on risk factors see “Part IV – Risk Factors”.

Summary of Financial Information

The following selected financial information is subject to the detailed information contained in the financial statements of Breathtec, TargetCo and the proforma consolidated financial statements for the Resulting Issuer, and notes thereto appearing elsewhere in the Prospectus. The selected financial information is derived from and should be read in conjunction with Breathtec’s audited financial statements for the period from inception and ended August 31, 2015; and TargetCo’s audited financial statements for the period from inception and ended August 31, 2015; and the proforma consolidated financial statements of the Resulting Issuer as of August 31, 2015.

As at August 31, 2015	Breathtec \$	TargetCo US\$	Pro Forma Adjustments \$	Pro Forma \$
Balance sheet				
Cash	\$162,355	US\$1,063,947	\$1,380,700	\$2,942,890
Total assets	\$209,422	US\$1,065,048	\$1,380,700	\$2,991,328
Current liabilities	\$7,100	US\$131,767	\$nil	\$180,466
Total liabilities	\$7,100	US\$131,767	\$nil	\$180,466
Shareholders’ Equity	\$202,322	US\$933,281	\$1,380,700	\$2,810,862

Notes:

(1) Currency conversion based on an exchange rate of US\$1.00 equals \$1.3075.

PART I – INFORMATION CONCERNING BREATHTEC

Name, Address and Incorporation

Breathtec was incorporated on April 10, 2015 under the BCBCA as “PBA Acquisitions Corp.”. On July 23, 2015 it changed its name to “Breathtec Biomedical, Inc”.

Breathtec was incorporated as a wholly-owned subsidiary of Petro Basin Energy Corp. (“**Breathtec Parent**”). Breathtec entered into the Arrangement Agreement with Breathtec Parent on June 25, 2015. The Arrangement Agreement and the associated plan of arrangement were approved by Breathtec Parent shareholders on July 30, 2015, and approved by the Ontario Superior Court of Justice (Commercial List) on August 5, 2015. The plan of arrangement was completed on September 23, 2015.

The head office (and registered office) of Breathtec is located at Suite 1500 – 1055 W Georgia Street, Vancouver, British Columbia, V6E 4N7.

Breathtec has a wholly-owned subsidiary named “Breathtec Merger Co, Inc.” (“**MergerCo**”), which was incorporated on September 11, 2015 under the *FBCA*.

The Transaction

Pursuant to the terms of the Arrangement Agreement, Breathtec Parent spun out Breathtec to its shareholders on September 23, 2015 in advance of the completion of the Merger in reliance on the prospectus and registration exemptions set forth in section 2.11 of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators (“**NI 45-106**”), and as a result thereof Breathtec became a reporting issuer in the Provinces of British Columbia, Ontario and Alberta.

On January 22, 2015, TargetCo was incorporated under the laws of Florida.

On September 11, Breathtec incorporated MergerCo as its wholly-owned subsidiary.

Breathtec Parent, Breathtec, MergerCo and Breathtec entered into the Merger Agreement on September 11, 2015.

The merger transaction contemplated in the Merger Agreement was structured as a reverse-takeover, specifically, as a triangular merger under the FBCA among Breathtec, MergerCo, and TargetCo pursuant to which MergerCo was merged with and into TargetCo, with TargetCo as the Surviving Corporation on terms more particularly set forth in the Merger Agreement.

Breathtec, in its capacity as the sole stockholder of MergerCo, approved the Merger which was completed on October 26, 2015.

Breathtec has not conducted any material commercial operations other than entering into the Merger Agreement.

Significant Acquisitions and Dispositions

Breathtec acquired a 100% interest in TargetCo pursuant to and on the terms and subject to the conditions set out in the Merger Agreement, a copy of which is attached as Appendix “D” to this Prospectus. Pursuant to the Merger, Breathtec issued an aggregate of 15,605,400 common shares and 7,802,700 warrants to the TargetCo shareholders. The Merger was approved by a majority of the shareholders of TargetCo by written consent, and was approved by a written consent resolution of the boards of directors of the respective parties. As a result of the Merger, the former securityholders of TargetCo became securityholders of the Resulting Issuer.

Concurrent with filing the Preliminary Prospectus, Breathtec will apply for a listing on the CSE.

The Merger Agreement

Breathtec entered into a non-binding letter of intent with TargetCo dated June 4, 2015, which described the essential terms and conditions of the proposed agreement whereby Breathtec would acquire all of the issued and outstanding common shares in the capital of TargetCo, in connection with a proposed business combination. This non-binding letter of intent was later replaced and superseded by the Merger Agreement.

Upon completing of the Merger the TargetCo shareholders held 15,605,400 Resulting Issuer Shares and 7,802,700 Resulting Issuer Warrants. It is expected that 7,763,400 Resulting Issuer Shares issued to TargetCo shareholders will be subject to escrow. The Merger Agreement provides that the first directors of the Resulting Issuer will be Mike Costanzo, Michael Sadhra, Raj Attariwala, and Kal Malhi. The first officers of the Resulting Issuer will be Mike Costanzo as Chief Executive Officer, Michael Sadhra as Chief Financial Officer and Kal Malhi as President.

Pre-Merger Events

Upon the terms and subject to the conditions set forth in the Merger Agreement, the following occurred or shall occur:

- (i) Breathtec Parent completed the spin-out of Breathtec to its shareholders in reliance on the prospectus and registration exemptions set forth in section 2.11 of NI 45-106, and as a result thereof Breathtec became a reporting issuer in the Provinces of British Columbia, Ontario and Alberta;
- (ii) Breathtec shall file the Preliminary Prospectus with the Principal Regulator;
- (iii) Concurrent with filing the Preliminary Prospectus with the Principal Regulator, Breathtec shall file the necessary documents with the CSE to receive CSE conditional approval for the listing of the Resulting Issuer on the CSE;
- (iv) Upon receiving the Preliminary Receipt from the Principal Regulator, Breathtec shall promptly file the Preliminary Prospectus and the Preliminary Receipt on SEDAR;
- (v) Breathtec shall file the Final Prospectus with the Principal Regulator;
- (vi) Upon receiving the Final Receipt from the Principal Regulator, Breathtec shall promptly file the Final Prospectus and the Final Receipt on SEDAR; and
- (vii) Concurrent with filing the Final Prospectus with the Principal Regulator, Breathtec shall file the necessary documents with the CSE to receive CSE final approval for the listing of the Resulting Issuer on the CSE.

Approval of TargetCo Stockholders

In accordance with the terms of the Merger Agreement and applicable Florida State Law, TargetCo received TargetCo Stockholders approval of the Merger Agreement and the Merger by majority shareholder consent resolution.

In addition, the Board of Directors of Breathtec and TargetCo approved the Merger Agreement and the Merger by consent resolution.

Merger Events

Upon the terms and subject to the conditions set forth in the Merger Agreement, at the Effective Date:

- (i) As consideration for entering into the Merger Agreement, Breathtec exchanged, on a pro rata basis, the TargetCo Shares held by the Existing TargetCo Stockholders with 15,605,400 Resulting Issuer Shares and 7,802,700 Resulting Issuer Warrants;
- (ii) Each TargetCo Share exchanged for one (1) fully paid and non-assessable Resulting Issuer Share and one-half of one Resulting Issuer Warrant was cancelled;
- (iii) Each MergerCo Share issued and outstanding immediately prior to the Effective Date was exchanged for one (1) share of common stock of SurvivingCo; and
- (iv) SurvivingCo became a wholly-owned subsidiary of the Resulting Issuer.

Effect of Merger

At the Effective Time:

- (i) MergerCo merged with and into TargetCo under the FBCA with TargetCo continuing as the SurvivingCo subsequent to the Merger in accordance with the terms and conditions prescribed in the Merger Agreement;
- (ii) All of the property, assets, rights and privileges of MergerCo became the property, assets, rights and privileges of TargetCo, and all of the liabilities and obligations of MergerCo became the liabilities and obligations of TargetCo, which survived as SurvivingCo;
- (iii) The Articles of Incorporation and the Bylaws of MergerCo were deemed to be the Articles of Incorporation and the Bylaws of SurvivingCo; and
- (iv) The officers and directors of SurvivingCo became those individuals described in the Merger Agreement.

Private Placement Financing

On June 15, Breathtec completed an equity financing by way of a private placement for \$0.02 per Breathtec Share whereby Breathtec issued 12,800,000 Breathtec Shares to investors pursuant to applicable prospectus and or registration exemptions under NI 45-106 to raise \$256,000.

On October 14, 2015 Breathtec completed the Concurrent Financing to raise gross proceeds of \$1,775,350 through the issuance of 7,101,400 units (“**Units**”) at a price of \$0.25 per unit, pursuant to available “accredited investors” and other exempt purchasers exemptions from applicable Canadian prospectus requirements, and the exclusions from the registration requirements of the *U.S. Securities Act* of 1933, as amended (the “**US Securities Act**”), provided by Rule 903 of Regulation S (“**Regulation S**”) thereunder. Each Unit consists of one Breathtec Share and one half of a common share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant entitles the holder thereof to purchase one additional Breathtec Share at a price of \$0.40 until October 14, 2017.

In connection with the Concurrent Financing, Breathtec paid eligible finders a cash commission equal to 8% of the gross proceeds raised and issued common share purchase warrants equal to 8% of the eligible units sold by such finder pursuant to the Concurrent Financing. In total, an aggregate of \$120,028 was paid and 480,112 common share purchase warrants (“**Finder Warrants**”) were issued by Breathtec to eligible finders. Each Finder Warrant entitles the holder thereof to purchase one Breathtec Share at a price of \$0.25 until October 14, 2017.

Intellectual property

Breathtec does not have any intellectual property.

Escrow and Resale Restrictions on the CSE Escrow Shares

In accordance with the policies of the Exchange, there are currently no shares at the date of this Prospectus held in escrow.

Dividends and Distribution

Breathtec has neither declared nor paid any dividends on its common shares since its inception.

Selected Financial Information and Management's Discussion and Analysis

The following tables set forth selected financial information for Breathtec, summarized from its audited financial statements for the period from inception to August 31, 2015. This selected financial information should be read in conjunction with Breathtec's financial statements, including the notes thereto and Management's Discussion and Analysis, which are attached to this Prospectus as Appendices "A" and "A1" respectively.

	August 31, 2015
Cash	\$162,355
Total assets	\$209,422
Total expenses	\$53,679
Shareholder's equity	\$202,322
Basic loss per share	\$0.01

Management's Discussion and Analysis

Breathtec's Management's Discussion and Analysis provides an analysis of Breathtec's financial results for the period from inception to August 31, 2015, and should be read in conjunction with the financial statements of Breathtec for such period, and the notes thereto respectively. Breathtec's Management's Discussion and Analysis is attached to this Prospectus as Appendix "A1".

Certain information included in Breathtec's Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Caution Regarding Forward-Looking Statements" for further detail.

Off-Balance Sheet Arrangements

Breathtec has not entered into any off-balance sheet arrangements.

Related Party Transactions

During the period from the date of inception on April 10, 2015 to August 31, 2015, Breathtec had transactions with the following company related by way of directors in common:

- a) Cheshire Consulting Corp. (“**Cheshire**”), a company with a director in common with Breathtec. Cheshire provides consulting services to Braethtec on a month-to-month basis.

Summary of related party expenses:

	August 31, 2015
	\$
Consulting fees	10,500

Changes in Accounting Policies Including Initial Adoption

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management evaluates the estimates periodically. Actual results may differ from these estimates by material amounts.

Description of the Securities

Common Shares

Breathtec is authorized to issue an unlimited number of Breathtec Shares of which, as of the date of this Prospectus, 38,082,698 Breathtec Shares are issued and outstanding as fully paid and non-assessable. Holders of Breathtec Shares are entitled to dividends if, as and when declared by the directors, to one vote per Breathtec Share at meetings of shareholders and, upon liquidation, dissolution or winding-up of Breathtec, to share rateably the remaining assets of Breathtec as are distributable to holders of Breathtec Shares. The Breathtec Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

See “Part I – Information Concerning Breathtec - The Transaction” for details of securities issued on closing of the Concurrent Financing and the Merger; and see “Part III – Information Concerning the Resulting Issuer – Description of the Securities”.

Preferred Shares

Breathtec is also authorized to issue an unlimited number of Preferred Shares without par value, issuable in series with special rights or restrictions attached, none of which are issued and outstanding as of the date of this Prospectus and none of which are proposed to be issued in connection with either the Transaction.

Stock Option Incentive Plan

As of the date of this Prospectus, Breathtec has not granted stock options. The Resulting Issuer’s Stock Option Plan is a “rolling” stock option plan, pursuant to which the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants, non-assignable and non-transferable options to purchase the Resulting Issuer Shares, provided that the number of the Resulting Issuer Shares reserved for issuance will not exceed 10% of the then issued and outstanding shares. The options are exercisable up to 10 years from the date of grant, so long the optionee maintains the optionee’s position with the Resulting Issuer. The number of Resulting Issuer Shares reserved for issuance to any optionee cannot exceed 5% of the then issued and outstanding shares and the number of Resulting Issuer Shares reserved for issuance to consultants cannot exceed 2% of the then issued and outstanding shares.

The minimum exercise price of an option granted under the Stock Option Plan must not be less than the Discounted Market Price (as such term is defined in the policies of the Exchange and other applicable regulatory authorities).

Options granted to an optionee who does not continue as a director, officer, employee or consultant of the Resulting Issuer, has 30 days after such optionee ceases to be a director, officer, employee or consultant of the Resulting Issuer.

See “Part III – Information Concerning the Resulting Issuer – Stock Option Plan”.

Prior Sales

Since the date of its incorporation, Breathtec has issued 38,082,798 Breathtec Shares as follows:

Date	Number of Common Shares	Price per Common Share \$
April 10, 2015	100 ⁽¹⁾	\$0.01
June 15, 2015	12,800,000 ⁽²⁾	\$0.02
September 23, 2015	2,575,898 ⁽³⁾	\$0.02
October 14, 2015	7,101,400 ⁽⁴⁾	\$0.25
October 26, 2015	15,605,400 ⁽⁵⁾	\$0.25

Notes:

- (1) Incorporation shares, such shares were subsequently cancelled.
- (2) Issued pursuant to a private placement.
- (3) Issued pursuant to the Arrangement Agreement to shareholders of Breathtec Parent at a deemed price of \$0.016 per share.
- (4) Issued pursuant to the Concurrent Financing.
- (5) Issued pursuant to the Merger to former shareholders of TargetCo. at a deemed price of \$0.25 per share.

Shares Subject to Resale Restrictions

The 7,101,400 Breathtec Shares issued on October 14, 2015 and the 15,605,400 shares issued on October 26, 2015, as summarized in the above table, are subject to a four month hold period from each of their respective distribution dates.

Arm’s Length Transaction

The Transaction was negotiated by the parties dealing at arm’s length with each other and in accordance with the policies of the Exchange.

See “Part I – Information Concerning Breathtec – The Transaction”.

Legal Proceedings

Breathtec is not a party to any legal proceedings, nor is it aware of any legal proceedings to which any of its property or assets is the subject matter, and it is not aware of any such proceedings known to be contemplated.

Auditor

The auditor of Breathtec is James Stafford, Inc., Chartered Professional Accountants, 350-1111 Melville Street, Vancouver, British Columbia V6E 3V6.

See also “Part V – Auditor”.

Transfer Agent and Registrar

The transfer agent and registrar for Breathtec's Common Shares is CST Trust Company, 1600 – 1066 West Hastings Street, Vancouver, British Columbia V6E 3X1, and they will continue as transfer agent and registrar of the Resulting Issuer upon Completion of the Merger.

See also "Part V – Registrar and Transfer Agent".

Material Contracts

Other than contracts entered into in the ordinary course of business, Breathtec has not entered into any contracts material to investors, other than the Arrangement Agreement and the Merger Agreement.

PART II – INFORMATION CONCERNING TARGETCO

Name, Address and Incorporation

TargetCo was incorporated under the FBCA on January 22, 2015.

The head office of TargetCo is located at 525 Okeechobee Blvd. Suite 1600, West Palm Beach, Florida 33401 and the registered office of TargetCo is located at 525 Okeechobee Blvd. Suite 1600, West Palm Beach, Florida 33401. An additional office is located in Delta, British Columbia.

General Development of the Business

TargetCo is development-stage medical device company operating within the healthcare industry. TargetCo is focused on development and commercialization of portable, handheld mass spectrometers for breath testing to detect various diseases. The initial focus of the company will be to develop breath tests for detection of breast cancer, lung cancer, diabetes, Alzheimer's disease and liver disease.

Narrative Description of the Business

Medical monitoring technologies and diagnostics are the essential tools that assist clinicians in discriminating health from disease states and have the potential to envisage impending effects. The early detection of diseases strengthens the possibility for successful treatment and also insists the demand for cheap, noninvasive, and qualitative diagnosis of diseases. In exhaled breath, more than 3500 different components have been found and the list is continually growing. The complex matrix of exhaled breath components is termed 'molecular breath signature'. Breath testing offers a novel approach to the disease diagnosis, evaluation of various common disorders, and assessment of exposure to volatile organic compounds ("VOCs").

Breath testing is blossoming into an exciting area of medical technology. Physicians are using these tests to diagnose an increasingly wide variety of diseases without the hazards or discomforts of more invasive and hazardous procedures. The recent advances in breath testing stems from advances in analytical technology which has made it possible to identify a growing number go biomarkers in the breath. Clinical studies with these improved assays have shown that the presence of abnormal chemicals in the breath can help in the early diagnosis of many diseases. The discovery of novel technologies and biomarkers to detect the diseases has been increasing persistently. There are sophisticated analytical methods for disease detection and they are currently used in well-trained clinical and professional laboratories. The aim is to achieve fast and inexpensive personalized medicine that could be implemented globally, even in developing countries.

TargetCo was formed to propel innovative research in the area of breath analysis as a medical screening tool that can be implemented globally, even in developing countries. TargetCo's efforts are aimed at leading the development of commercially viable methods for the early screening of diseases such as lung & breast cancers, neurodegenerative diseases (eg: Alzheimer's / Parkinson's), tuberculosis, diabetes, liver disease and more.

TargetCo's primary avenue of investigation is focused on innovation and advances in the field of specialized mass spectrometry using FAIMS. FAIMS is a separation technique which allows continuous sample introduction, enabling direct, real-time analysis of compounds found in the breath. Breathtec's goal is to develop hand held breathalyzers to detect certain scientifically known biomarkers for the early screening of diseases such as lung & breast cancers, neurodegenerative diseases (eg: Alzheimer's / Parkinson's), tuberculosis, diabetes, liver disease and more.

Physicians and patients of the 21st century may eventually come to think of a breath test in much the same way as we now think of a chest x-ray or a blood test: as an inexpensive and convenient screening test which can detect several diseases in their earliest and most treatable stages.

Target Market

The principal market opportunity arises from the potential of low-cost, non-intrusive diagnostic screening in general medical practice which could lead to notable advances in early detection of major cancers and other life-altering diseases. The detection and diagnoses of diseases begins with family medical practitioners and starts with the least intrusive and costly tests and progresses to more costly, invasive and hazardous tests such as x-rays, CT scans, biopsies and blood tests. TargetCo is targeting to develop a low cost non invasive hand held breathalyzer to detect diseases at the earliest stage.

TargetCo will begin with its first target to develop a hand held breathalyzer to detect lung cancer. The breath test will be a single use “cartridge” test and will determine if the patient’s breath contains biomarkers associated with lung cancers. If the test is negative, the patient will not be subjected to further and more costly and hazardous testing. If a person has a positive breath test, the breath test is NOT diagnostic of lung cancer. However, it does identify people at increased risk of lung cancer who should then go on to further evaluation, such as a chest CT. A large, NIH-sponsored study in the U.S. showed that chest CT screening saves lives. However, it is clearly too expensive and too hazardous to use chest CT for widespread primary screening for lung cancer. Regular screening using a simple breath test, could lead to significant advancements in remedial treatment protocols targeting major improvements in survivability and life quality.

A second disease that TargetCo will initially target is to detect biomarkers associated to Alzheimer’s disease (“AD”) and Parkinson’s disease (“PD”), as representative examples of neurodegenerative condition.

Alzheimer’s disease and Parkinson’s disease are the most common neurodegenerative diseases. AD affects over 26 million people worldwide today, and PD currently prevails in 1.6% of the world population. The increasing prevalence of neurodegenerative diseases, as the population ages, causes a growing challenge for patients, caregivers, clinicians and society. AD and PD are often sporadic and genetically complex. AD is characterized by progressive cognitive and behavioral deterioration. Its core pathological hallmarks are amyloid plaques and neurofibrillary tangles. PD is characterized by resting tremor, bradykinesia, rigidity and postural instability, and is associated with depigmentation and progressive neuronal loss in the substantia nigra pars compacta, widespread a-synuclein aggregates and progressive dopamine depletion.

Converging evidence from genetic at-risk cohorts of AD, PD and clinically normal older individuals, suggests that the pathophysiological process of these conditions begins years, if not decades before the clinical diagnosis. A novel diagnostic approach relies on the identification of patterns of VOCs in exhaled breath. TargetCo intends to establish a hand held breathalyzer to detect the biomarker’s indicative of AD and PD found in the VOC’s of exhaled breath.

Marketing Plan and Strategies

TargetCo currently envisions a three to five year plan to develop and obtain FDA approvals for its hand held breathalyzers to detect biomarkers associated to diseases. The FDA has generally not enforced premarket review and other applicable FDA requirements because lab developed tests (“LDT”) were relatively simple and generally available on a limited basis. But, due to advances in technology and business models, LDTs have evolved and proliferated significantly since the FDA first obtained comprehensive authority to regulate all in vitro diagnostics (“IVD”) as devices in 1976. Some LDTs are now more complex, have a nation-wide reach and present higher risks, such as detection of risk for cancer and Alzheimer’s disease, which are similar to those of other IVDs that have undergone premarket review. Under the proposed LDT framework, FDA would phase in enforcement of premarket review requirements and the quality system regulation for some LDTs. FDA’s oversight of LDTs will assure that the tests are both analytically valid (able to accurately detect analytes) and clinically valid (able to measure or detect the clinical condition for which the test is intended). When FDA’s proposed framework is implemented, both FDA and CMS will play a role in ensuring that LDTs are high quality—CMS through CLIA by continuing to focus on laboratory operations including the testing process and FDA by enforcing compliance with the agency’s quality systems regulation pertaining to the design and manufacture of the laboratory tests.

TargetCo is unable to determine the exact procedures that will be required to obtain FDA approvals as the FDA approval process is under review. TargetCo is targeting the production of hand held breath tests and clinical trial testing to target lung cancer and Alzheimers and Parkinson's Disease within three years and FDA approvals subsequent to that. Once the required approvals are obtained, the company will consider marketing strategies that may include marketing direct to end users or marketing partnerships with established medical device distributors.

Operations

TargetCo's main office is located in West Palm Beach, Florida, and currently has six employees. During the next twelve months, TargetCo intends to hire two additional employees.

Competition

TargetCo's two primary competitors are:

1. Menssana Research, Inc., which is based in New Jersey; and
2. Owlstone Nanotech Inc., which is based in the United Kingdom and has an office in Norwalk, Connecticut.

Intercorporate Relationships

As of the date of this Prospectus, TargetCo has no subsidiaries.

Intellectual Property

The following is a brief description of TargetCo's intellectual property rights.

In January 2015, TargetCo entered into a research agreement with the Yost Research Group at the University of Florida. Both parties will jointly own any intellectual property conceived or made in connection with the research agreement. The University of Florida has granted TargetCo a first option to have an exclusive license in its rights to such jointly owned intellectual property.

TargetCo also has the option to acquire U.S. patent 8,237,118 entitled "Partial Ovoidal FAIMS Electrode" from the University of Florida that expires in January, 2016.

Dividends and Distribution

TargetCo has neither declared nor paid any dividends on its common shares since its inception.

Selected Financial Information and Management's Discussion and Analysis

The following tables set forth selected financial information for TargetCo, summarized from its audited financial statements for the period from inception to August 31, 2015. This selected financial information should be read in conjunction with TargetCo's financial statements, including the notes thereto and Management's Discussion and Analysis, which are attached to this Prospectus as Appendices "B", and "B1" respectively.

	August 31, 2015 US\$
Cash	US\$1,063,947
Total assets	US\$1,065,048

	August 31, 2015 US\$
Total expense	US\$338,064
Total liabilities	US\$131,767
Shareholder's equity	US\$933,281
Basic and diluted loss per share	(US\$0.03)

Management's Discussion and Analysis

TargetCo's Management's Discussion and Analysis is attached to this Prospectus as Appendix "B1".

Certain information included in TargetCo's Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Caution Regarding Forward-Looking Statements" for further detail.

Off-Balance Sheet Arrangements

TargetCo has not entered into any off-balance sheet arrangements.

Related Party Transactions

Related party transactions are as follows:

- a) Professional fees of \$85,350 relating to consulting services paid to officers and directors of TargetCo.
- b) As at August 31, 2015, accounts payable and accrued liabilities includes \$46,000 payable to officers for professional fees.

Related party transactions are in the normal course of operations and are measured at the fair market value of the services rendered.

Summary of key management personnel compensation:

	August 31, 2015
	US\$
Salaries and contract labour	85,350

Changes in Accounting Policies Including Initial Adoption

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management evaluates the estimates periodically. Actual results may differ from these estimates by material amounts.

Description of the Securities

Common Shares

TargetCo has authorized 100,000,000 shares of common stock without par value as its only class of securities. The following table represents the TargetCo Shares issued or to be issued, including restricted shares, if any, issued since incorporation.

Date of Issuance	No. of Common Shares issued ⁽¹⁾	Price Per Share (US\$)
January 22, 2015	5,000,000	US\$0.005
May 1, 2015	5,000,000	US\$0.025
May 31, 2015	5,605,400	US\$0.20
Total	15,605,400	

Notes:

- (1) Issued pursuant to a private placement.
- (2) Issued pursuant to a private placement.
- (3) Issued pursuant to the TargetCo Bridge Financing.

Stock Option Incentive Plan

TargetCo has adopted a stock option plan and has reserved 1,000,000 common shares for issuance thereunder. As of the date of this Prospectus, TargetCo has not issued any options pursuant to its equity plan.

See “Part III – Information Concerning the Resulting Issuer – Stock Option Plan”.

Prior Sales

See “Part II – Information Concerning TargetCo – Description of the Securities – Common Shares”.

Shares Subject to Resale Restrictions

TargetCo does not have any shares subject to resale restrictions.

Executive Compensation

Breathtec plans to enter into employment agreements with its key officers.

The summary compensation table sets out particulars of compensation paid for the period ended August 31, 2015 the individuals who were President, Chief Executive Officer and Chief Financial Officer (the “**Named Executive Officers**”) during such period. TargetCo does not have any other executive officers whose total salary and other compensation during such period exceeded \$150,000.

Compensation Discussion and Analysis

TargetCo does not have a compensation committee or a formal compensation policy. TargetCo relies solely on the Board of Directors to determine the compensation of the Named Executive Officers. In determining

compensation, the Board of Directors considers industry standards and TargetCo’s financial situation but does not currently have any formal objectives or criteria. The performance of each Named Executive Officer is informally monitored by the Board of Directors, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer. The Resulting Issuer is expected to rely solely on the Board to determine the compensation of the executive officers. In determining compensation, the Board will consider industry standards and the Resulting Issuer’s financial situation without any formal objectives or criteria.

Option-based Awards

Please see “Part III – Information Concerning the Resulting Issuer – Stock Option Plan”. In considering new grants to executive officers, the Board of Directors considers the number of options, if any, previously granted to each executive officer.

Summary Compensation Table

The following table sets out particulars of compensation paid to the Named Executive Officers for the fiscal period ended August 31, 2015.

Name and Principal Position	Year (or part)	Salary (US\$)	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation (US\$)		Pension value (US\$)	All other compensation (US\$)	Total compensation (US\$)
					Annual incentive plans	Long-term incentive plans			
Kal Malhi President	2015	US\$40,000	Nil	Nil	Nil	Nil	Nil	Nil	US\$40,000
Mike Constanzo CEO	2015	US\$7,538	Nil	Nil	Nil	Nil	Nil	Nil	US\$7,538
Michael Sadhra CFO	2015	US\$8,000	Nil	Nil	Nil	Nil	Nil	Nil	US\$8,000

Incentive Plan Awards

TargetCo has adopted an equity compensation plan reserving 1,000,000 shares of common stock for issuance to officers, directors, employees, and consultants in conformity with the Internal Revenue Code.

TargetCo does not have any option-based awards, granted to the Named Executive Officers and outstanding as at the date of this Prospectus.

Please see “Part III – Information Concerning the Resulting Issuer – Stock Options Plan” for options anticipated to be held by the officers and directors of the Resulting Issuer upon Closing.

Incentive plan awards - value vested or earned during the year

TargetCo did not grant any option-based awards which vested in the Named Executive Officers for the financial period ended August 31, 2015.

Pension Plan Benefits

TargetCo does not have any pension plan, retirement plan or any deferred compensation plan.

Termination and Change of Control Benefits

TargetCo has entered into an employment agreement with Mike Constanzo which provides for the payment of US\$21,225 upon the termination of his employment and/or upon the change of control of TargetCo. Other than as provided above, TargetCo does not have any contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of TargetCo or a change in a Named Executive Officer's responsibilities.

Director Compensation

TargetCo has not paid any compensation to any person in their capacity as a director of TargetCo for the financial period ended August 31, 2015.

Share-based awards, option-based awards and non-equity incentive plan compensation

TargetCo does not have any option-based awards, share-based awards or non-equity incentive plan compensation granted to directors, other than directors who are also Named Executive Officers, outstanding as of the date of this Prospectus.

Please see "Part III – Information Concerning the Resulting Issuer – Stock Options Plan" for options anticipated to be held by officers and directors of the Resulting Issuer. It is anticipated that the Resulting Issuer will have a share-based awards incentive plan compensation in the 12 months following completion of the Transaction.

Incentive plan awards - value vested or earned during the year

TargetCo does not have any option-based awards, share-based awards or non-equity incentive plan compensation which was vested or earned by each director, who is not a Named Executive Officer, for the fiscal period ended August 31, 2015.

Indebtedness of Directors and Executive Officers

As at the date of this Prospectus, none of the directors and executive officers of TargetCo or associates of such persons is indebted to TargetCo or another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by TargetCo.

Arm's Length Transaction

The Transaction was negotiated by the parties dealing at arm's length with each other and in accordance with the policies of the Exchange.

See "Part I – Information Concerning TargetCo – The Transaction".

Legal Proceedings

TargetCo is not a party to any legal proceedings, nor is it aware of any legal proceedings to which any of its property or assets is the subject matter, and it is not aware of any such proceedings known to be contemplated.

Auditor

The auditor of TargetCo is Smythe LLP, Chartered Professional Accountants located at:

**700 – 355 Burrard Street,
Vancouver, BC**

V6C 2G8

Upon completion of the Merger and as of the date of this Prospectus, it is proposed that the Resulting Issuer's auditor will be Smythe, LLP.

See "Part V – Auditor".

Transfer Agent and Registrar

TargetCo currently has no transfer agent and registrar for its shares.

See "Part V – Transfer Agent and Registrar".

Material Contracts

Other than contracts entered into in the ordinary course of business, TargetCo has not entered into any contracts material to investors, other than the Merger Agreement and the following:

1. Option Agreement between TargetCo and University of Florida Research Foundation, Inc. dated as of February 4, 2015 with respect to patent rights relating to U.S 8,237,118 entitled "Partial Ovoidal FAIMS Electrode".
2. Research Agreement between TargetCo and the University of Florida Board of Trustees dated effective February 16, 2015.
3. Management Agreement between TargetCo and Mike Conzanzo dated as of August 15, 2015.

PART III – INFORMATION CONCERNING THE RESULTING ISSUER

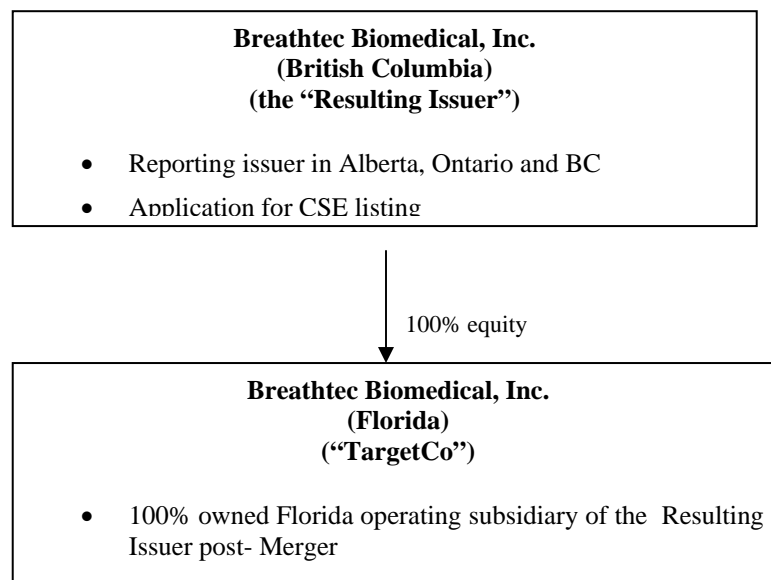
Name, Address and Incorporation

Following completion of the Merger, the corporate structure of the Resulting Issuer is the corporate structure of Breathtec. Breathtec (then the Resulting Issuer) is named “Breathtec Biomedical, Inc.”.

The Resulting Issuer’s head office will be located at 113A-8275 92 Street, Delta BC, V4G 0A4 and its registered office will be located at Suite 1500 - 1055 W. Georgia St., Vancouver BC, V6E 4N7 Canada.

Inter-corporate Relationships

The diagram below describes the inter-corporate relationship between the Resulting Issuer and TargetCo post-Merger:



Narrative Description of the Business

Upon issuance of the Final Exchange Bulletin, the Resulting Issuer will be a technology issuer pursuant to the policies of the Exchange and intends to implement the business plan of TargetCo.

See “Part III– Information Concerning the Resulting Issuer - Business Objectives and Milestones”, which follows, and see also “Part II – Information Concerning TargetCo – Narrative Description of the Business”.

Use of Proceeds

This is a non-offering prospectus. The Resulting Issuer is not raising any funds in conjunction with this Prospectus. Accordingly, there are no proceeds to Breathtec, TargetCo or the Resulting Issuer in connection with the filing of this Prospectus.

Breathtec has completed an initial financing on June 15, 2015 of 12,800,000 Common Shares at \$0.02 per share. The gross proceeds of the financing were \$256,000. Breathtec also completed the Concurrent Financing of 7,101,400 units at \$0.25 per unit with each unit consisting of one common share and one-half of one common share purchase warrant for gross proceeds of \$1,775,350.

In addition, on May 31, 2015 TargetCo completed the TargetCo Bridge Financing of 5,605,400 TargetCo Shares at a price of US\$0.20 per share for gross proceeds of US\$1,121,080.

Funds Available and Use of Available Funds

As at October 31, 2015, the estimated consolidated working capital, being current assets less current liabilities, for the Resulting Issuer was approximately \$2,474,248. To the extent that the Resulting Issuer has negative operating cash flow in future periods, the Resulting Issuer may use a portion of the unallocated capital referenced in the table below to fund such negative operating cash flow. The principal purposes for the use of those funds for the next twelve months will be as follows:

Item	\$
Funds Available	
Working capital of Breathtec. as at October 31, 2015	\$1,365,737
Working capital of TargetCo, as at October 31, 2015	\$1,108,511
Total	\$2,474,248
Principal Purposes for the use of Funds Available	
Remaining transaction and prospectus related costs	\$75,000
Investor Relations	\$168,000
Research, Product Development & Commercialization	\$492,000 ⁽¹⁾
General & Administrative	\$627,000 ⁽²⁾
Unallocated working capital	\$1,112,248
Total	\$2,474,248

Notes:

- (1) For a breakdown of Research, Product Development & Commercialization see the "Business Objectives and Milestones" table below.
- (2) General & Administrative is broken down as follows: (i) salaries (\$45,000 per month), (ii) rent (US\$4,800 per month), (iii) utilities (US\$1,000 per month), and (iv) office supplies and miscellaneous (US\$1,500 per month / approximately). Figure does not total \$627,000 due to rounding and currency conversion.
- (3) Currency conversion based on an exchange rate of US\$1.00 equals \$1.3075.

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

Business Objectives and Milestones

Following Completion of the Transaction, the Resulting Issuer's primary business objectives and milestones are the following:

Objective	Timeline/Comment	Cost
File Prospectus and apply to list its common shares on the Canadian Securities Exchange	Q4 2015	\$75,000
Research, Product Development & Commercialization:	2016	\$492,000 as follows:
• Methodology for Breath Collection	Q1 2016	• \$90,000
• Interface to Breath Collection Device to FAIMS Instrument	Q2 2016	• \$150,000
• Proof of Concept on Bench Top Device	Q3 2016	• \$100,000

Objective	Timeline/Comment	Cost
• Miniaturization and Battery Development	Q4 2016	• \$152,000
Investor Relations	2016	• \$168,000
General & Administrative	2016	\$627,000
Unallocated working capital	2016	\$1,112,248
Total		\$2,474,248

See “Part II - Information Concerning TargetCo – Narrative Description of the Business”.

Dividends or Distributions

The Resulting Issuer intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on the Resulting Issuer Shares in the foreseeable future.

Pro Forma Consolidated Financial Information

The following table sets forth selected pro forma consolidated financial information of Breathtec and TargetCo as at August 31, 2015.

	Breathtec \$	TargetCo US\$	Pro Forma Adjustments \$	Pro Forma \$
Balance sheet				
Current assets	\$162,355	US\$1,063,947	\$1,380,700	\$2,991,328
Total assets	\$209,422	US\$1,065,048	\$1,380,700	\$2,991,328
Current liabilities	\$7,100	US\$131,767	\$nil	\$180,466
Shareholders' Equity	\$202,422	US\$933,281	\$1,380,700	\$2,810,862

Notes:

(1) Currency conversion based on an exchange rate of US\$1.00 equals \$1.3075.

Description of Securities

Authorized and Issued Share Capital

The Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Shares of which, as of the date of this Prospectus 38,082,698 Resulting Issuer Shares are issued and outstanding as fully paid and non-assessable, on a non-diluted basis. The authorized share capital of the Resulting Issuer will include preferred shares of which no preferred shares will be issued and outstanding.

The holders of the Resulting Issuer 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 Resulting Issuer Shares, to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Resulting Issuer. The Resulting Issuer Shares are not subject to any future call or assessments and do not have any pre-emptive rights or redemption rights.

See “Part III – Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization, and – Fully Diluted Share Capital”, which follow; and see also in “Part I – Information Concerning the Issuer – Description of the Securities”.

Finder Warrants to Purchase Resulting Issuer Shares

In connection with the Concurrent Financing, the Resulting Issuer issued to eligible finders, Finder Warrants entitling the purchase by the holder, that number of Resulting Issuer Shares as is equal to 8% of that number of eligible Breathtec Shares issued under the Concurrent Financing. In total, an aggregate of 480,112 Finder Warrants were issued by Breathtec to eligible finders. Each Finder Warrant entitles the holder thereof to purchase one Resulting Issuer Share at a price of \$0.25 until October 14, 2017.

See “Part I – Information Concerning the Issuer – The Transaction”; and see “Part III – Information Concerning the Resulting Issuer – Fully Diluted Share Capital”.

Options to Purchase Securities

As noted previously, as of the date of this Prospectus, no incentive stock options are outstanding.

See “Part I – Information Concerning Breathtec – Stock Option Plan”. See also “Part III – Information Concerning the Resulting Issuer – Fully Diluted Share Capital”.

The Board of Directors of the Resulting Issuer intend to grant incentive stock options to purchase Resulting Issuer Shares prior to Closing.

See “Part III – Information Concerning the Resulting Issuer – Stock Option Plan”. See also “Part III – Information Concerning the Resulting Issuer – Fully Diluted Share Capital”.

Pro Forma Consolidated Capitalization

The following table sets out the share capitalization of the Resulting Issuer:

Designation of Security	Amount authorized or to be authorized	Amount outstanding after giving effect to the Transaction
Common Shares	Unlimited	38,082,698
Preferred Shares	Unlimited	Nil
Loan Capital	Nil	Nil

Fully Diluted Share Capital

The following table sets out the fully diluted share capital of the Resulting Issuer:

	Number of Securities Issued or Reserved	% of total issued and outstanding as of the closing of the Transaction
Breathtec Shares issued as at August 31, 2015	12,800,000 ⁽¹⁾	23.9%
Breathtec Shares to BC Parent Shareholders under the Arrangement Agreement	2,575,898	4.8%
Resulting Issuer Shares issued on closing of the Transaction to the TargetCo Stockholders	15,605,400	29.1%

Breathtec Shares issued pursuant to the Concurrent Financing	7,101,400	13.2%
Resulting Issuer Shares to be issued on exercise of Resulting Issuer Warrants	11,353,400	21.2%
Resulting Issuer Shares to be issued on exercise of Resulting Issuer Stock Options	3,750,000	7.0%
Resulting Issuer Shares to be issued on exercise of Resulting Issuer Finder Warrants	480,112	0.9%
Total	53,666,210	100%

Notes:

(1) This figure excludes the 100 Breathtec Shares issued to the incorporator which were subsequently cancelled.

Stock Option Plan

Stock Option Incentive Plan

As at the date of this Prospectus the Resulting Issuer does not have stock options outstanding. The Resulting Issuer's Stock Option Plan will be a "rolling" stock option plan, pursuant to which the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officer, employees and consultants, non-assignable and non-transferable options to purchase the Resulting Issuer Shares, provided that the number of Resulting Issuer Shares reserved for issuance will not exceed 10% of the then issued and outstanding shares. The options will be exercisable up to 10 years from the date of grant, so long as the optionee maintains the optionee's position with the Resulting Issuer.

Under the proposed plan, the number of Resulting Issuer Shares reserved for issuance to any optionee will not exceed 5% of the then issued and outstanding shares and the number of Resulting Issuer Shares reserved for issuance to consultants will not exceed 2% of the then issued and outstanding shares. Furthermore, the minimum exercise price of an option granted under the Stock Option Plan must not be less than the Discounted Market Price (as such term is defined in the policies of the Exchange and other applicable regulatory authorities).

Options that will be granted to an optionee who does not continue as a director, officer, employee or consultant of the Resulting Issuer will expire 30 days after such optionee ceases to be a director, officer, employee or consultant of the Resulting Issuer.

The following table sets forth all options to purchase securities of the Resulting Issuer that are anticipated to be issued prior to or concurrently with Listing:

Optionee	Number of the Resulting Issuer Shares to be Optioned ⁽¹⁾	Purchase Price	Expiry Date	Market Value of Shares under Option on the date of grant \$	Market Value of Shares under Option on the date of this
Kal Malhi	975,000	\$0.25	5 years from Listing	243,750	243,750
Mike Costanzo	250,000	\$0.25	5 years from Listing	\$62,500	\$62,500
Michael Sadhra	400,000	\$0.25	5 years from Listing	\$100,000	\$100,000

Optionee	Number of the Resulting Issuer Shares to be Optioned ⁽¹⁾	Purchase Price	Expiry Date	Market Value of Shares under Option on the date of grant \$	Market Value of Shares under Option on the date of this
Raj Attariwala	250,000	\$0.25	5 years from Listing	\$62,500	\$62,500
David Levine	400,000	\$0.25	5 years from Listing	\$100,000	\$100,000
Hamza Thindal Corp.	400,000	\$0.25	5 years from Listing	\$100,000	\$100,000
Howe and Bay Financial	100,000	0.25	5 years from Listing	25,000	25,000
Velvet Hammer Investments Inc.	750,000	0.25	5 years from Listing	187,500	187,500
Colin Trethewey	100,000	0.25	5 years from Listing	25,000	25,000
Scott Ledingham	100,000	0.25	5 years from Listing	25,000	25,000
Michael Malana	25,000	0.25	5 years from Listing	6,250	6,250
Total	3,750,000			937,500	937,500

Notes:

⁽¹⁾ Stock Options anticipated to be granted.

Escrowed Shares

The following table sets out, as at the date of this Prospectus, the number and percentage of the Breathtec Shares held in escrow prior to giving effect to the Transaction, and the number and percentage of the Resulting Issuer Shares that will be held in escrow after giving effect to the Transaction, but before giving effect to the initial release of the escrowed Resulting Issuer Shares under the escrow agreement.

		Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
Name and Municipality of Residence of Security holder	Designation of Class	Number of Breathtec shares held in escrow	Percentage of class	Number of Resulting Issuer Shares to be held in escrow ⁽¹⁾	Percentage of class ⁽²⁾
Mike Costanzo Gainesville, Florida	Common	Nil	Nil	500,000	1.3%

		Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
Michael Sadhra Richmond, BC	Common	Nil	Nil	250,000	0.7%
Kal Malhi Delta, BC	Common	6,700	0.02%	5,006,700 ⁽³⁾	13.1%
Raj Attariwala Vancouver, BC	Common	Nil	Nil	2,000,000	5.3%
Total				7,763,400	20.4%

Notes:

(1) Escrowed Resulting Issuer Shares will be held by the Transfer Agent. Such escrowed Resulting Issuer Shares will be escrowed per National Policy 46-201 – *Escrow for Initial Public Offerings* and released pursuant to that Policy. See “-The CSE Escrow Shares”.

(2) Based on 38,082,698 Resulting Issuer Shares outstanding upon completion of the Transaction.

(3) Mr Malhi owns 3,006,700 Resulting Issuer Shares directly and has control over an additional 2,000,000 Resulting Issuer Shares which are held by Cannabix Breathalyzer Inc., a company which is 70% owned by Mr. Malhi and his spouse.

The CSE Escrow Shares

The CSE Escrow Shares will be held in escrow pursuant to the CSE Escrow Agreement. There are to be 7,763,400 Resulting Issuer Shares to be held in escrow (“**CSE Escrow Shares**”). These will be held in escrow as required by CSE policy on completion of the Listing.

The CSE Escrow Shares are to be subject to the release schedule set out in the form of escrow required by s. 1.8 of Policy 8 – Fundamental Changes of the CSE. Ten (10%) percent of the CSE Escrow Shares are to be released upon the date of listing on the CSE and an additional 15% are to be released every 6 months thereafter until all CSE Escrow Shares have been released (36 months following the date of listing on the CSE).

The CSE Escrow Agreement provides that the CSE Escrow Shares are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the CSE. In the event of the bankruptcy of an escrow shareholder, provided the CSE does not object, the CSE Escrow Shares held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the CSE Escrow Shares which shares will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, provided the CSE does not object, the CSE Escrow Shares held by the escrow shareholder will be released from escrow.

Shares Subject to Resale Restrictions

The 7,101,400 Breathtec Shares issued on October 14, 2015 and the 15,605,400 Breathtec Shares issued on October 26, 2015, are subject to a four month hold period pursuant to the requirements of National Instrument 45-102 *Resale of Securities*.

Principal Shareholders

To the knowledge of the Resulting Issuer’s directors and senior officers, as of the date of this Prospectus, no person is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction

over, the Resulting Issuer's Shares carrying more than 10% of all voting rights attached to the outstanding the Resulting Issuer's common shares except the following:

Name	Number of Resulting Issuer Shares as at the date of this Prospectus	Percentage After Giving Effect to the Transaction ⁽¹⁾
Kal Malhi	5,006,700 ⁽²⁾	13.1% ⁽³⁾

Notes:

⁽¹⁾ Based on 38,082,698 Resulting Issuer Shares outstanding upon completion of the Transaction.

⁽²⁾ Mr Malhi owns 3,006,700 Resulting Issuer Shares directly and has control over an additional 2,000,000 Resulting Issuer Shares which are held by Cannabix Breathalyzer Inc., a company which is 70% owned by Mr. Malhi and his spouse.

⁽³⁾ Upon Closing the Resulting Issuer is expected to have a fully diluted share capital of 53,666,210 Resulting Issuer Shares, see "– Fully Diluted Share Capital". Mr. Malhi is expected to be granted 975,000 stock options of the Resulting Issuer. Accordingly, taking into account the potential exercise of the 975,000 stock options, Mr Malhi would hold 15.3% of the Resulting Issuer Shares on a partially diluted basis and 11.1% of the Resulting Issuer Shares on fully diluted basis.

Directors, Officers and Promoters

The following table sets out the name, municipality and province of residence, position to be held with the Resulting Issuer, current principal occupation, and the number and percentage of the Resulting Issuer's Shares which will be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Resulting Issuer's proposed directors and officers following completion of the Transaction. Each director's term expires on the earlier of the Resulting Issuer's next annual general meeting, or his resignation.

Name and Municipality of Residence	Position to be held with the Resulting Issuer	Principal Occupation for the Past Five Years	Number of Resulting Issuer Shares after Completion of the Transaction	Percentage of class after Completion of the Transaction ⁽¹⁾
Mike Costanzo Gainesville, Florida	Chief Executive Officer and Director	CEO of TargetCo since August, 2015; Graduate Student and Research Assistant, Department of Chemistry, University of Florida from August, 2010 to August, 2015	500,000 ⁽²⁾	1.3%
Michael Sadhra ⁽⁷⁾ Richmond, BC	Chief Financial Officer and Director	Partner of Sadhra & Chow LLP since May, 2009	250,000 ⁽³⁾	0.7%
Kal Malhi Delta, BC	President and Director	President of Bullrun Group Inc., a private investment company, since 2008	5,006,700 ⁽⁴⁾	13.1%

Name and Municipality of Residence	Position to be held with the Resulting Issuer	Principal Occupation for the Past Five Years	Number of Resulting Issuer Shares after Completion of the Transaction	Percentage of class after Completion of the Transaction ⁽¹⁾
Raj Attariwala ⁽⁷⁾ Vancouver, BC	Director	Radiologist at Aim Medical Imaging Inc. since 2009	2,000,000 ⁽⁵⁾	5.5%
David Levine ⁽⁷⁾ Vancouver, BC	Director	CEO of R1 Ventures since October, 2015; CEO North America, Gaxsys GmbH since July 2010.	Nil ⁽⁶⁾	0%

Notes:

- (1) Based on 38,082,698 Resulting Issuer Shares outstanding upon completion of the Transaction.
- (2) In addition Mr. Costanzo will hold 250,000 stock options of the Resulting Issuer exercisable at \$0.25 per Resulting Issuer Share for a period of five years from Closing.
- (3) In addition Mr. Sadhra will hold 400,000 stock options of the Resulting Issuer exercisable at \$0.25 per Resulting Issuer Share for a period of five years from Closing.
- (4) Mr Malhi owns 3,006,700 Resulting Issuer Shares directly and has control over an additional 2,000,000 Resulting Issuer Shares which are held by Cannabix Breathylyzer Inc., a company which is 70% owned by Mr. Malhi and his spouse. In addition Mr. Malhi will hold 975,000 stock options of the Resulting Issuer exercisable at \$0.25 per Resulting Issuer Share for a period of five years from Closing.
- (5) In addition Mr. Attariwala will hold 250,000 stock options of the Resulting Issuer exercisable at \$0.25 per Resulting Issuer Share for a period of five years from Closing. Mr Attariwala also holds a 25% interest in Cannabix Breathalyzer Inc., a company which holds an 2,000,000 Resulting Issuer Shares.
- (6) Mr. Levine will hold 400,000 stock options of the Resulting Issuer exercisable at \$0.25 per Resulting Issuer Share for a period of five years from Closing.
- (7) Member of the audit committee.

At the completion of the Transaction, the directors and officers of the Resulting Issuer as a group will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 7,763,400 Resulting Issuer Shares, representing approximately 20.4% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis). Each director's term of office will expire at the next annual meeting of the shareholders unless re-elected at such meeting.

The Resulting Issuer's audit committee will be comprised of Raj Attariwala, David Levine and Michael Sadhra. Raj Attariwala and David Levine will be independent members. All members are considered financially literate. There are no other committees of the Board at this time. It is not anticipated that the Resulting Issuer will have any other committees upon the completion of the Transaction. All compensation and corporate governance matters will be overseen by the Board of Directors of the Resulting Issuer.

The directors and officers will devote their time and expertise as required by the Resulting Issuer, however, it is not anticipated that any director will devote 100% of their time to the activities of the Resulting Issuer. Except for Mike Costanzo (who will be the CEO and a director) of the Resulting Issuer, none of the other directors will be employees of the Resulting Issuer.

The Resulting Issuer is expected to enter into a management or employment agreements with Kal Malhi for his services as President, Mike Costanzo for services as CEO and Michel Sadhra for his services as CFO. The Resulting Issuer will pay Kal Malhi \$18,000 per month, Mike Costanzo US\$7,000 per month and Michael Sadhra \$4,000 per month for these services. As part of this management agreement, Messrs. Malhi, Costanzo and Sadhra will agree to confidentiality and non-disclosure provisions. See “– Executive Compensation”. Other than these agreements, none of the directors or officers is expected to enter into a non-competition or non-disclosure

agreement with the Resulting Issuer at this time. See also “– Directors and Management” below for additional biographic information about the proposed directors and officers.

Directors and Management

Michael Costanzo, Ph.D. (Age: 26) Chief Executive Officer and Director

Dr. Costanzo enjoys a passion for science that has directed his career path firmly into the field of analytical chemistry. Over the past five years, prior to serving as CEO of Breathtec, he has investigated a variety of advanced methodologies and instrumentations with the Yost Research Group at the University of Florida. During this period he utilized UV spectroscopy to help in standardizing procedures for manufacturing respiratory medications, employed novel ion mobility spectrometric techniques and devices to analyze exhaled breath, and performed multiple metabolomics studies of melanoma. Through his efforts, he acquired a vast knowledge of analytical techniques and methodologies and an immense desire for scientific progress.

Previously, Costanzo obtained his Bachelor of Science in chemistry at the State University of New York (Buffalo). During this period he conducted research utilizing mass spectrometry to examine products of enzymatic protein digestion in the interest of studying metabolic markers of autism in children. Upon graduation in 2010 he moved to the University of Florida for Ph.D. studies and as a result of his efforts has recently joined with Breathtec Biomedical to propel his own bioanalytical research through the development of revolutionary clinical devices utilizing his background in ion mobility, mass spectrometry, and exhaled breath analysis.

Mr. Costanzo works full-time under an employment contract and has entered into a non-competition and non-disclosure agreement with Breathtec.

In his capacity as CEO, Mr. Costanzo will provide direction and skills with respect to the development of the Resulting Issuer to achieve the Resulting Issuer’s various milestones and product development. Further, Mr. Costanzo will be responsible for the guiding the company’s research and development strategies and direction of the Resulting Issuer.

Michael Sadhra. (Age: 47) Chief Financial Officer and Director

Mr. Sadhra received his Bachelor of Commerce degree from the University of British Columbia in 1991 and his Chartered Accountant designation from the Institute of Chartered Accountants of British Columbia in 2011. He has since worked in the financial field for 20 years and was employed by the global audit, tax and advisory services firm KPMG LLP from September 1999 to December 2006, where he served as a senior tax manager from 2003 – 2006. In 2007, Mr. Sadhra took the position of tax consultant and Chief Financial Officer of Lara Exploration Ltd. (a TSXV listed issuer) and Reservoir Capital Corp. (a TSXV listed issuer)(May 2007 – May 2009). In May 2009, he became a partner of Sadhra & Chow LLP, a firm that specializes in corporate taxation. Mr. Sadhra has also served as a Director of Orion Oil and Gas Ltd. (formerly Wintraysan Capital Corp.), Director of Phoenix Coal Corporation (formerly Marimba Capital Corp.), Director of Val Resources Ltd., and CFO of Cairo Resources Inc. (TSXV). Mr. Sadhra is currently a Director of Cairo Resources Inc.

Mr. Sadhra holds a Bachelor of Commerce from the University of British Columbia in 1991 and Chartered Accountant from the Institute of Chartered Accountants of British Columbia in 2001.

Mr. Sadhra works under an employment contract and has entered into a non-competition and non-disclosure agreement with Breathtec.

In his capacity as CFO, Mr. Sadhra will provide direction and skills with respect to the development of the Resulting Issuer to achieve the Resulting Issuer’s various milestones. Further, Mr. Sadhra will be responsible for the financial operations of the Resulting Issuer. See “– Other Reporting Issuer Experience” for Mr. Sadhra’s professional experience with respect to listed companies for the past five years.

Kulwant Malhi, (Age: 48) President and Director

Mr. Malhi founded TargetCo and was its President and a Director. He is a Vancouver based entrepreneur and also the founder, president and director of Cannabix Technologies Inc. He is a retired member of the Royal Canadian Mounted Police. Mr. Malhi has founded and funded several public and private early stage companies and is well versed in the administration of private and public companies. From November, 2010 to August, 2014, he served as President of Cairo Resources Inc., a TSX Venture Exchange (“TSXV”) listed CPC. Mr. Malhi also served as a director of Strata Minerals Inc., a mineral exploration company listed on the TSXV from April, 2014 to May, 2015. Since 2008, he has been president of Bullrun Group Inc., a private investment company specializing in early stage business development that has several mineral projects under option to publicly listed mineral exploration companies. See “– Directors, Officers and Promoters” for a summary of Mr. Malhi’s professional activities for the past five years.

Mr. Malhi works under an employment contract and has entered into a non-competition and non-disclosure agreement with Breathtec.

In his capacity as President, Mr. Malhi will provide direction and skills with respect to the technological needs of the Resulting Issuer, identification and acquisition of assets and the development of the Resulting Issuer’s products.

Raj Attariwala, M.D., Ph. D, (Age: 47) Director

Mr. Attariwala serves as a Director of the Resulting Issuer. He is a Vancouver based dual board certified Radiologist and Nuclear Medicine physician certified in both Canada and the United States. Dr. Attariwala received his formal medical training at University of British Columbia with periods of specialized medical training at Memorial Sloan Kettering Cancer Centre (New York), UCLA and USC. He holds a doctorate in Biomedical Engineering from Northwestern University (Evanston, IL). Dr. Attariwala is a practicing physician in British Columbia and is the owner of AIM medical imaging in Vancouver. He has pioneered advances in the field of whole body medical imaging through his work and authored numerous publications. Dr. Attariwala has also presented at many International Medical Conferences on whole body imaging and cancer detection. Dr. Attariwala has also served as a director of Cannabix Technologies Inc. since 2014. Dr. Attariwala founded Aim Medical Imaging in 2009 with unique hardware and software designed to perform whole body MRI and whose pioneering efforts have been recognized by worldwide leaders in the MRI field. See “– Directors, Officers and Promoters” for a summary of Mr. Attariwala’s professional activities for the past five years.

Mr. Attariwala will provide direction and skills with respect to the scientific and technological needs of the Resulting Issuer and the development of the Resulting Issuer’s products and IP portfolio. Further, Mr. Attariwala will be responsible for the guiding strategy and direction of the Resulting Issuer.

David Levine, (Age:48) Director

David Levine serves as a director of the Resulting Issuer and has over twenty-five years experience commercializing innovative technologies in the life sciences space. Mr. Levine has obtained FDA approvals for market entry for medical devices and pharmaceutical products and has advised and executed on multiple merger and acquisition transactions in the life sciences arena. Mr. Levine started out his career at Baxter Healthcare in sales and marketing and is currently CEO of R1 Ventures. R1 Ventures is a boutique firm investing in, operating and advising companies in the life sciences.

Mr. Levine will provide direction and skills with respect to the commercialization, regulatory and technological needs of the Resulting Issuer and the development of the Resulting Issuer’s products. Further, Mr. Levine will be responsible for the guiding strategy and direction of the Resulting Issuer.

Other Reporting Issuer Experience

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

Name	Name and Jurisdiction of Other Reporting Issuers	Name of Exchange or Market	Position	From	To
Michael Sadhra	Cairo Resources Inc.	CSE	CFO	January 2011	August 2014
	Cairo Resources Inc.	CSE	Director	January 2011	Present
	Val Gold Resources Ltd.	TSXV	Director	April 2011	June 2012
Kal Malhi	Cannabix Technologies Inc.	CSE	President Director	December 2014	Present
	Strata Minerals Inc.	TSXV	Director	April 2014	May 2015
	Cairo Resources Inc.	CSE	President Director	January 2011	August 2014
Raj Attariwala	Cannabix Technologies Inc.	CSE	CTO Director	February 2014	Present

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed herein, to the best of the Resulting Issuer's knowledge, no existing or proposed director, officer of the Resulting Issuer, nor any shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is, or within the ten years prior to the date hereof has been, a director or CEO or CFO of any corporation (including the Resulting Issuer) that, while that person was acting in the capacity of director or CEO or CFO of that corporation, was the subject of a cease trade order or similar order or an order that denied the corporation access to any exemption under securities legislation for a period of more than 30 consecutive days.

Penalties or Sanctions

To the best of the Resulting Issuer's knowledge, no existing or proposed director or officer of the Resulting Issuer, nor any shareholder holding sufficient securities of the Resulting Issuer to materially affect control of the Resulting Issuer has been subject to 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 been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

To the best of the Resulting Issuer's knowledge, no existing or proposed director or officer of the Resulting Issuer, nor any shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, nor any personal holding company of any such person has, within the ten years before the date of this Prospectus become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

The directors of the Resulting Issuer are required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interests, which they may have in any project or opportunity of the Resulting Issuer. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Resulting Issuer's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest among the Resulting Issuer, its promoters, directors and officers or other members of management of the Resulting Issuer or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Resulting Issuer and their duties as a director or officer of such other companies.

Executive Compensation

The summary compensation table sets out particulars of compensation paid for the fiscal years ended August 31, 2015 to the individuals who were Chief Executive Officer, President and the Chief Financial Officer (the "Named Executive Officers") during those periods. Breathtec does not have any other executive officers whose total salary and other compensation during such period exceeded \$150,000.

Compensation Discussion and Analysis

The Resulting Issuer does not have a compensation committee or a formal compensation policy and relies solely on the Board of Directors to determine the compensation of the Named Executive Officers. In determining compensation, the Board of Directors considers industry standards and financial situation but does not currently have any formal objectives or criteria. The performance of each Named Executive Officer is informally monitored by the Board of Directors, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer. The Resulting Issuer is expected to rely solely on the Board to determine the compensation of the executive officers. In determining compensation, the Board will consider industry standards and the Resulting Issuer's financial situation without any formal objectives or criteria.

Option-based Awards

Please see "Options to Purchase Securities". In considering new grants to executive officers, the Board of Directors considers the number of options, if any, previously granted to each executive officer.

Summary Compensation Table

The following table sets out particulars of compensation paid to the Named Executive Officers for the fiscal period ended August 31, 2015 of TargetCo. Breathtec did not pay any compensation to the named executive officers for the fiscal year ended August 31, 2015.

Name and Principal Position	Year (or part)	Salary (US\$)	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation (US\$)		Pension value (US\$)	All other compensation (US\$)	Total compensation (US\$)
					Annual incentive plans	Long-term incentive plans			
Mike Costanzo, CEO	2015	US\$7,538	Nil	Nil	Nil	Nil	Nil	Nil	US\$7,538

Michael Sadhra, CFO	2015	US\$8,000	Nil	Nil	Nil	Nil	Nil	Nil	US\$8,000
Kal Malhi, President	2015	US\$40,000	Nil	Nil	Nil	Nil	Nil	Nil	US\$40,000

Note:
(1)

The following table sets out the anticipated compensation to the Resulting Issuer’s CEO, President and CFO for the 12-month period after giving effect to the Transaction.

Name and Principal Position	Year (or part)	Salary (US\$)	Share-based awards (US\$)	Option-based awards ⁽¹⁾ (US\$)	Non-equity incentive plan compensation (US\$)		Pension value (US\$)	All other compensation (US\$)	Total compensation (US\$)
					Annual incentive plans	Long-term incentive			
Mike Costanzo, CEO	2015 2016	US\$84,000	Nil	Nil	Nil	Nil	Nil	Nil	US\$84,000
Kal Malhi, President	2015 2016	CDN\$216,000	Nil	Nil	Nil	Nil	Nil	Nil	CDN\$216,000
Michael Sadhra, CFO	2015 2016	CDN\$48,000	Nil	Nil	Nil	Nil	Nil	Nil	CDN\$48,000

Notes:

⁽¹⁾ Mike Costanzo will receive 250,000 stock options, Mr Sadhra will receive 400,000 stock options and Mr Malhi will receive 1,000,000 stock options at an exercise price of \$0.25, which is the same price of the Concurrent Financing; therefore, the value is nil.

Incentive Plan Awards

TargetCo does not have any option-based awards, granted to the Named Executive Officers outstanding as at August 31, 2015. No outstanding incentive plans for TargetCo. at August 31, 2015. Breathtec does not have any share-based awards.

Please see “Part III – Information Concerning the Resulting Issuer – Options to Purchase Securities” for options to be held by the officers of the Resulting Issuer.

Incentive plan awards - value vested or earned during the year

TargetCo does not have any option-based awards which vested in the Named Executive Officers for the fiscal year ended August 31, 2015. Breathtec does not have any share-based awards or non-equity incentive plan compensation.

Pension Plan Benefits

The Resulting Issuer does not have any pension or retirement plan or any deferred compensation plan. It is not anticipated that the Resulting Issuer will have any pension or retirement plan or deferred compensation plan in the 12 months following completion of the Transaction.

Termination and Change of Control Benefits

The Resulting Issuer does not have any contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Resulting Issuer or a change in a Named Executive Officer's responsibilities. It is not anticipated that the Resulting Issuer will enter into any such agreement with its CEO, President or CFO in the 12 months following completion of the Transaction.

Director Compensation

There was no compensation provided to the directors, who are not Named Executive Officers, for the financial year ended August 31, 2015. It is anticipated that the Resulting Issuer will not pay directors for attending meetings in their capacity as directors.

Share-based awards, option-based awards and non-equity incentive plan compensation

TargetCo does not have any option-based awards granted to directors, other than directors who are also Named Executive Officers, outstanding as at August 31, 2015. Breathtec does not have any share-based awards or non-equity incentive plan compensation.

Please see "Options to Purchase Securities" for options anticipated to be held by directors of the Resulting Issuer. It is not anticipated that the Resulting Issuer will have any share-based awards or non-equity incentive plan compensation in the 12 months following completion of the Transaction.

Incentive plan awards - value vested or earned during the year

TargetCo does not have any option-based awards which vested in each director, who is not a Named Executive Officer, for the fiscal year ended August 31, 2015. Breathtec does not have any share-based awards or non-equity incentive plan compensation.

Indebtedness of Directors and Executive Officers

As at the date of this Prospectus none of the directors and executive officers of Breathtec, proposed directors and officers for the Resulting Issuer, or associates of such persons is indebted to Breathtec, TargetCo or another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Breathtec or TargetCo.

Audit Committee and Corporate Governance

The Audit Committee's Charter

The text of the audit committee's charter is attached hereto as Appendix "F". It is anticipated that the Resulting Issuer will adopt this charter.

Composition of the Audit Committee

The members of the audit committee of the Resulting Issuer will consist of Raj Attariwala, David Levine and Michael Sadhra.

Relevant Education and Experience

All members of the audit committee of the Resulting Issuer have been involved or had experience with audit committees. .

Each audit committee member has had extensive experience reviewing financial statements. Each member has an understanding of the Resulting Issuer’s business and has an appreciation for the relevant accounting principles for that business.

Audit Committee Oversight

At no time since the beginning of the fiscal year completed was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the beginning of the fiscal year ended August 31, 2015 has Breathtec or TargetCo relied on the exemption provided in section 2.4 of NI 52-110 (De Minimis Non-Audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*). It is not anticipated that the Resulting Issuer will rely on any of the above exemptions.

Pre-Approval Policies and Procedures

The audit committees of Breathtec or TargetCo have not adopted specific policies and procedures for the engagement of non-audit services but all such services will be subject to the prior approval of the audit committee. It is not anticipated that the Resulting Issuer will adopt specific policies and procedures.

External Auditor Service Fees

The aggregate fees billed by the external auditors of Breathtec and TargetCo for the fiscal period ended August 31, 2015 for the following fees are:

Breathtec

Fiscal Year Ended	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
August 31, 2015	\$5,563	Nil	Nil	Nil

TargetCo

Fiscal Year Ended	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
August 31, 2015	\$5,000	Nil	Nil	Nil

Corporate Governance Practices

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Resulting Issuer. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board is of the view that the Resulting Issuer’s general approach to corporate governance, summarized below, is appropriate and substantially consistent with objectives reflected in the guidelines for improved corporate governance in Canada adopted by the Canadian Securities Administrators (the “**National Guidelines**”).

Board of Directors

The Board is currently composed of five directors.

The National Guidelines suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “unrelated” directors. An “unrelated” director is a director who is independent of management and is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Resulting Issuer, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, the National Guidelines suggest that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder.

Raj Attariwala and David Levine are considered by the Board to be “unrelated” within the meaning of the Guidelines. In assessing the Guidelines and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

Other Directorships

The following table sets out the proposed directors of the Resulting Issuer who are presently directors of other issuers that are reporting issuers in any Canadian jurisdiction.

Name	Name and Jurisdiction of Other Reporting Issuers	Name of Exchange or Market	Position	From	To
Kal Malhi	Cannabix Technologies Inc.	CSE	Director President	December 2013	Present
Michael Sadhra	Cairo Resources Inc.	CSE	Director	February 2014	Present
Raj Attariwala	Cannabix Technologies Inc.	CSE	Director	February 2014	Present

Orientation and Continuing Education

The Board has not adopted formal steps to orient new board members. The Board’s continuing education is typically derived from correspondence with the legal counsel of Breathtec to remain up to date with developments in relevant corporate and securities law matters. It is not anticipated that the board of the Resulting Issuer will adopt formal steps in the 12 months following completion of the Transaction.

Ethical Business Conduct

The Board has not adopted formal guidelines to encourage and promote a culture of ethical business conduct but does promote ethical business conduct by nominating board members it considers ethical, by avoiding or minimizing conflicts of interest and by having a sufficient number of its board members independent of corporate matters. It is not anticipated that the board of the Resulting Issuer will adopt formal guidelines in the 12 months following completion of the Transaction.

PART IV – RISK FACTORS

The following are certain factors relating to the Transaction and business of the Resulting Issuer, which factors investors should carefully consider when making an investment decision concerning the shares of the Resulting Issuer. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not presently known to Breathtec, TargetCo or the Resulting Issuer 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.

General

A purchase of any of the securities of the Resulting Issuer involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Resulting Issuer should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Resulting Issuer's securities prior to purchasing any of the securities.

Risks Related to the Resulting Issuer

Limited Operating History

Neither Breathtec nor TargetCo has history of earnings. The Resulting Issuer has no present prospect of generating revenue from the sale of products. 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.

Negative Cash Flow for the Foreseeable Future

Neither Breathtec nor TargetCo has a history of earnings or cashflow from operations. The Resulting Issuer does not expect to generate material revenue or achieve self-sustaining operations for several years, if at all. To the extent that the Resulting Issuer has negative cash flow in future periods, the Resulting Issuer may need to allocate a portion of its cash reserves to fund such negative cash flow.

Reliance on Management

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. 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.

Reliance on successful development of prototype breath test

The Resulting Issuer's ability to generate future revenue or achieve profitable operations is largely dependent on the ability to successfully develop a prototype breath test into a marketable device and may take several years and significant financial resources, and the Resulting Issue may not achieve those objectives.

The Resulting Issuer will first be involved in research and development to first develop a prototype breath test, and then, if deemed marketable after testing, develop a commercial device. The development programs may take several years and may not lead to a commercial product for various reasons, including inadequate financial or other resources to advance product candidates through the clinical trial process for successful commercialization.

Risks Related to Laboratory Developed Tests (LDTs) and Food and Drug Administration (FDA) Approval

In the United States, the FDA regulates medical devices, including diagnostic tests, under the Federal Food, Drug and Cosmetic Act. The FDA notification and approval process requires substantial time, effort and financial resources, and the Resulting Issuer cannot be certain that any approvals for its products will be granted on a timely basis, if at all. In 2014, the FDA issued draft guidance on the regulation of laboratory developed tests, or LDTs, such as those being developed by the Resulting Issuer and the period for public comment recently ended. Because the FDA has not issued final rules on the regulation of LDTs, the Resulting Issuer is unable to determine what notification and approval process the FDA may require. Foreign jurisdictions have similar government regulatory bodies and requirements that the Resulting Issuer must meet prior to selling products in those jurisdictions.

The Resulting Issuer's prospects must be considered in light of the risks, expenses, shifts, changes and difficulties frequently encountered with companies whose businesses are regulated by various federal, state and local governments. The health care, wellness, workers compensation and similar companies are subject to a variety of regulatory requirements and the regulatory environment is ever changing particularly with recent legislation, the full impact of which is not yet understood as regulations have not been issued. Failure to follow applicable regulatory requirements will have a materially negative impact on the business of the Resulting Issuer. Furthermore, future changes in legislation can not be predicted and could irreparably harm the business of the Resulting Issuer.

Failure to follow regulatory requirements and additional financing needs

The Resulting Issuer will require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms which are acceptable. The Resulting Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

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 and to pursue business opportunities, including potential acquisitions.

Because of the early stage of the industry in which the Resulting Issuer will operate, the Resulting Issuer expects to face additional competition from new entrants. To become and remain competitive, the Resulting Issuer will require 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.

Difficulty to Forecast

The Resulting Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer are, or may become 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 the Resulting Issuer's common shares. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant company resources.

Commercial success of the Resulting Issuer will depend in part on not infringing upon the patents and proprietary rights of other parties and enforcing its own patents and proprietary rights against others. The research and development programs will be in highly competitive fields in which numerous third parties have issued patents and pending patent applications with claims closely related to the subject matter of the Resulting Issuer's programs. The Resulting Issuer is not currently aware of any litigation or other proceedings or claims by third parties that its technologies or methods infringe on their intellectual property.

While it is the practice of TargetCo to undertake pre-filing searches and analyses of developing technologies, they cannot guarantee that they have identified ever patent or patent application that maybe relevant to the research, development, or commercialization of its products. Moreover, they cannot assure that third parties will not assert valid, erroneous, or frivolous patent infringement claims.

Uninsurable Risks

The business of the Resulting Issuer may not be insurable or the insurance may not be purchased due to high cost. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Resulting Issuer.

The market price of the Resulting Issuer's Common Shares may be subject to wide price fluctuations

The market price of the Resulting Issuer's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Resulting Issuer and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Resulting Issuer and its subsidiaries, 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 the Resulting Issuer's common shares.

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.

Limited Market for Securities

It is proposed that the Resulting Issuer's common shares will be listed on the CSE, however, there can be no assurance that such listing will be obtained and even if obtained, that an active and liquid market for the common shares will develop or be maintained and an investor may find it difficult to resell any securities of the Resulting Issuer.

Permits and Licenses

The operations of Resulting Issuer may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits will be granted.

Intellectual Property Rights

The Resulting Issuer could be adversely affected if it does not adequately protect its intellectual property rights. The Resulting Issuer regards its marks, rights, and trade secrets and other intellectual property rights as critical to its success. To protect its investments and the Resulting Issuer's rights in these various intellectual properties, it may rely on a combination of patents, trademark and copyright law, trade secret protection and confidentiality agreements and other contractual arrangements with its employees, clients, strategic partners, acquisition targets and others to protect proprietary rights. There can be no assurance that the steps taken by the Resulting Issuer to protect proprietary rights will be adequate or that third parties will not infringe or misappropriate the Resulting Issuer's copyrights, trademarks and similar proprietary rights, or that the Resulting Issuer will be able to detect unauthorized use and take appropriate steps to enforce rights. In addition, although the Resulting Issuer believes that its proprietary rights do not infringe on the intellectual property rights of others, there can be no assurance that other parties will not assert infringement claims against the Resulting Issuer. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

The Resulting Issuer will rely on trade secrets to protect technology where it does not believe patent protection is appropriate or obtainable. Trade secrets are difficult to protect. While commercially reasonable efforts to protect trade secrets will be used, strategic partners, employees, consultants, contractors or scientific and other advisors may unintentionally or willfully disclose information to competitors.

If the Resulting Issuer is not able to defend patents or trade secrets, then it will not be able to exclude competitors from developing or marketing competing products, and the Resulting Issuer may not generate enough revenue from product sales to justify the cost of development of products and to achieve or maintain profitability.

Low Barriers to Entry and Competition

There is high potential that the Resulting Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the 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.

There may be larger, better financed companies which may become competition for the Resulting Issuer.

At present, management believes that the Resulting Issuer has certain direct competition from Menssana Research Inc. ("**Mensana**") and Owlstone Nanotech Inc. ("**Owlstone**"). Menssana is based in New Jersey and Owlstone is based in the United Kingdom. These companies have the financial ability to compete directly with the Resulting Issuer.

Competitive pressures created by any one of these companies, or by the Resulting Issuer's competitors collectively, could have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

TargetCo believes that the principal competitive factors in its market are the ability to protect IP and bring the first company to deliver hand held breath testing products to the market.

New technologies and the expansion of existing technologies may increase the competitive pressures on the Resulting Issuer by enabling the Resulting Issuer's competitors to offer a lower-cost product.

Risks Associated with Brand Development

TargetCo believes that continuing to strengthen its brand is critical to achieving widespread acceptance of the Resulting Issuer, particularly in light of the competitive nature of the Resulting Issuer's market. Promoting and positioning its brand will depend largely on the success of the Resulting Issuer's marketing efforts and the ability of the Resulting Issuer to provide high quality services. In order to promote its brand, the Resulting Issuer will need to increase its marketing budget and otherwise increase its financial commitment to creating and maintaining brand loyalty among users. There can be no assurance that brand promotion activities will yield increased revenues or that any such revenues would offset the expenses incurred by the Resulting Issuer in building its brand. If the Resulting Issuer fails to promote and maintain its brand or incurs substantial expenses in an attempt to promote and maintain its brand or if the Resulting Issuer's existing or future strategic relationships fail to promote the Resulting Issuer's brand or increase brand awareness, the Resulting Issuer's business, results of operations and financial condition would be materially adversely affected.

Rapid Technological Change

The business of the Resulting Issuer is subject to rapid technological changes. Failure to keep up with such changes may adversely affect the business of the Resulting Issuer. The Resulting Issuer is subject to the risks of companies operating in the medical and healthcare business.

The market in which Breathtec competes is characterized by rapidly changing technology, evolving industry standards, frequent new service and product announcements, introductions and enhancements and changing customer demands. As a result, an investment in the stocks of the Resulting Issuer is highly speculative and is only suitable for investors who recognize the high risks involved and can afford a total loss of investment.

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's 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.

Risks Associated with International Operations

A component of the Resulting Issuer's strategy is to expand internationally. Expansion into the international markets will require management attention and resources. The Resulting Issuer has limited experience in localizing its service, and the Resulting Issuer believes that many of its competitors are also undertaking expansion into foreign markets. There can be no assurance that the Resulting Issuer will be successful in expanding into international markets. In addition to the uncertainty regarding the Resulting Issuer's ability to generate revenues from foreign operations and expand its international presence, there are certain risks inherent in doing business on an international basis, including, among others, regulatory requirements, legal uncertainty regarding liability, tariffs, and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, different

accounting practices, problems in collecting accounts receivable, political instability, seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely affect the success of the Resulting Issuer's international operations. To the extent the Resulting Issuer expands its international operations and has additional portions of its international revenues denominated in foreign currencies, the Resulting Issuer could become subject to increased risks relating to foreign currency exchange rate fluctuations. There can be no assurance that one or more of the factors discussed above will not have a material adverse effect on the Resulting Issuer's future international operations and, consequently, on the Resulting Issuer's business, results of operations and financial condition.

Protection and Enforcement of Intellectual Property Rights

The Resulting Issuer regards the protection of its copyrights, service marks, trademarks, trade dress and trade secrets as critical to its future success and relies on a combination of copyright, trademark, service mark and trade secret laws and contractual restrictions to establish and protect its proprietary rights in products and services. The Resulting Issuer has entered into confidentiality and invention assignment agreements with its employees and contractors, and nondisclosure agreements with parties with which it conducts business in order to limit access to and disclosure of its proprietary information. There can be no assurance that these contractual arrangements or the other steps taken by the Resulting Issuer to protect its intellectual property will prove sufficient to prevent misappropriation of the Resulting Issuer's technology or to deter independent third-party development of similar technologies.

To date, TargetCo has not been notified that its technologies infringe the proprietary rights of third parties, but there can be no assurance that third parties will not claim infringement by the Resulting Issuer with respect to past, current or future technologies. The Resulting Issuer expects that participants in its markets will be increasingly subject to infringement claims as the number of services and competitors in the Resulting Issuer's industry segment grows. Any such claim, whether meritorious or not, could be time-consuming, result in costly litigation, cause service upgrade delays or require the Resulting Issuer to enter into royalty or licensing agreements. Such royalty or licensing agreements might not be available on terms acceptable to the Resulting Issuer or at all. As a result, any such claim could have a material adverse effect upon the Resulting Issuer's business, results of operations and financial condition.

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 future sales and profitability.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Resulting Issuer is subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. 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 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 and has financial risk exposure towards digital currencies. The level of the financial risk exposure related to a currency and exchange rate fluctuations will depend on the Resulting Issuer's ability to hedge such risk or use another protection mechanism.

Reliance on Yost Research Group at the University of Florida

If the third parties which the Resulting Issuer relies on do not properly and successfully carry out their obligations to the Resulting Issuer, it may not be able to develop, obtain regulatory approval for, or commercialize its product candidates.

Attracting and keeping senior management and key scientific personnel

The success of the Resulting Issuer depends on the continued ability to attract, retain, and motivate highly qualified management, clinical, and scientific personnel and to develop and maintain important relationships with leading academic institutions, companies, and thought leaders.

PART V – OTHER MATTERS

Promoters

Kal Malhi, the founder of TargetCo and the President and director of the Resulting Issuer has been the promoter of TargetCo since its incorporation. Mr. Malhi beneficially owns, or has control over, directly or indirectly, 5,000,000 Resulting Issuer Shares being 13.1% of the issued and outstanding Resulting Issuer Shares on a non-diluted basis.

Other than as disclosed in this section and under “Executive Compensation” or elsewhere in this Prospectus, no person who was a promoter of Breathtec or TargetCo within the last two years:

1. received anything of value directly or indirectly from Breathtec or a subsidiary;
2. sold or otherwise transferred any asset to Breathtec or a subsidiary within the last 2 years;
3. has been a director, officer or promoter of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became 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 or receiver manager or trustee appointed to hold its assets;
4. has been subject to 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;
5. has been subject to 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; or
6. has within the past 10 years 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 or receiver manager or trustee appointed to hold its assets.

Legal Proceedings and Regulatory Actions

Breathtec is not a party to any legal proceedings and is not aware of any such proceedings known to be contemplated. Management of Breathtec is not aware that Breathtec is a party to any legal proceedings or that any such proceedings are known to be contemplated.

TargetCo is not a party to any legal proceedings and is not aware of any such proceedings known to be contemplated. Management of TargetCo is not aware that TargetCo is a party to any legal proceedings or that any such proceedings are known to be contemplated.

No penalties or sanctions have been imposed against Breathtec by a court relating to provincial and territorial securities legislation or by a securities regulatory body within the three years immediately preceding the date of this Prospectus. Management of Breathtec is not aware of any such penalties or sanctions imposed against Breathtec.

No penalties or sanctions have been imposed against TargetCo by a court relating to provincial, state and territorial securities legislation or by a securities regulatory body within the three years immediately preceding the date of this Prospectus. Management of TargetCo is not aware of any such penalties or sanctions imposed against TargetCo.

Breathtec has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Prospectus. Management of Breathtec is not aware of any such settlement agreements entered into by the Breathtec.

TargetCo has not entered into any settlement agreements before a court relating to provincial, state and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Prospectus. Management of TargetCo is not aware of any such settlement agreements entered into by TargetCo.

Interest of Management and Others in Material Transactions

Other than as set forth in this Prospectus, the management of Breathtec is not aware of any material interest, direct or indirect, of any director, executive officer, any Person or Company beneficially owning, controlling or directing, directly or indirectly, more than ten (10%) percent of Breathtec's outstanding voting securities, or any Associate or Affiliate of the foregoing Persons, in any transaction in which Breathtec has participated within the three years before the date of this Prospectus, that has materially affected or is reasonably expected to materially affect Breathtec.

Auditor

The auditor of Breathtec is James Stafford, Inc., Chartered Professional Accountants, 350-1111 Melville Street, Vancouver, British Columbia V6E 3V6. The auditor of TargetCo is Smythe LLP, Chartered Professional Accountants, 700 – 355 Burrard Street, Vancouver, British Columbia V6C 2G8, Canada. The Resulting Issuer's auditor will be TargetCo's current auditor, Smythe, LLP.

Registrar and Transfer Agent

The transfer agent and registrar for the Breathtec Shares is CST Trust Company, Vancouver, British Columbia, and CST will continue as transfer agent and registrar of the Resulting Issuer upon completion of the Merger.

Material Contracts

Except for contracts made in the ordinary course of business and those mentioned above, the following are the only material contracts entered into by Breathtec or TargetCo within two years prior to the date hereof which are currently in effect and considered to be currently material:

1. The Merger Agreement (See "Part I – The Transaction").

The above contract may be inspected without charge at the registered office of the Resulting Issuer at Suite 1500 - 1055 W. Georgia St., Vancouver BC, V6E 4N7 Canada during ordinary business hours until the closing date of the Transaction and for a period of 30 days thereafter.

Board Approval

The Boards of Directors of Breathtec and TargetCo have approved the contents of this Prospectus.

PART VI – EXPERTS

The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in the Prospectus:

James Stafford, Inc., Chartered Professional Accountants

Smythe LLP, Chartered Professional Accountants

Interest of Experts

No person whose profession or business gives authority to a statement made by such person and who is named in this Prospectus has received or will receive a direct or indirect interest in the Resulting Issuer's property or any associate or affiliate of the Resulting Issuer. As at the date hereof, none of the aforementioned persons beneficially owns, directly or indirectly, securities of the Resulting Issuer or its associates and affiliates. In addition, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or is expected to be elected, appointed or employed as, a director, senior officer or employee of the Resulting Issuer or of an associate or affiliate of the Resulting Issuer, or as a promoter of the Resulting Issuer or an associate or affiliate of the Resulting Issuer.

PART VII – OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts relating to the Transaction that are not otherwise disclosed in this Prospectus or are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the Transaction.

Financial Statement Disclosure

The following financial statements are included herein:

- APPENDIX "A" Breathtec Audited Financial Statements for the period ended August 31, 2015
- APPENDIX "A1" Breathtec Management Discussion and Analysis for the period ended August 31, 2015
- APPENDIX "B" TargetCo Audited Financial Statements for the period ended August 31, 2015
- APPENDIX "B1" TargetCo Management Discussion and Analysis for the period ended August 31, 2015
- APPENDIX "C" Resulting Issuer Proforma Financial Statements as at August 31, 2015

Other Appendices

- APPENDIX "D" Merger Agreement
- APPENDIX "E" Stock Option Plan
- APPENDIX "F" Audit Committee Charter

APPENDIX "A"

Financial statements of

**BREATHTEC BIOMEDICAL INC.
(FORMERLY PBA ACQUISITIONS CORP.)**

For the period from inception on April 10, 2015 to August 31, 2015

Expressed in Canadian Dollars

JAMES STAFFORD

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Chartered Professional Accountants
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Canada V6E 3V6
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Independent Auditor's Report

To the Shareholders of Breathtec Biomedical Inc. (formerly PBA Acquisitions Corp.)

We have audited the accompanying financial statements of Breathtec Biomedical Inc. (formerly PBA Acquisitions Corp.) which comprise the statement of financial position as at August 31, 2015 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from the date of inception on April 10, 2015 to August 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Breathtec Biomedical Inc. (formerly PBA Acquisitions Corp.) as at August 31, 2015 and the results of its operations and its cash flows for the period from the date of inception on April 10, 2015 to August 31, 2015 in accordance with International Financing Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Breathtec Biomedical Inc. (formerly PBA Acquisitions Corp.) to continue as a going concern.



Chartered Professional Accountants

Vancouver, Canada

19 October 2015

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Statement of Financial Position

As at August 31, 2015
(In Canadian Dollars)

	2015
Assets	
Current assets:	
Cash and cash equivalents	\$ 162,355
Prepaid expenses	47,067
	209,422
	\$ 209,422
Liabilities and Shareholders' Equity	
Current liabilities:	
Trade payable and accrued liabilities (Note 4)	\$ 7,100
	7,100
Shareholders' equity:	
Share capital (Note 5(b))	256,001
Deficit	(53,679)
	202,322
	\$ 209,422

Nature of Operations and Going Concern (Note 1) and Subsequent Events (Note 11)

Approved on behalf of the Board:

"Andrew Cheshire"

Andrew Cheshire

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

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Statement of Loss and Comprehensive Loss

For the period from inception on April 10, 2015 to August 31, 2015
(In Canadian Dollars)

Expenses:		
Consulting fees (Note 10)	\$	10,500
Website development		25,000
Office and miscellaneous		163
Bank charges		60
Professional fees		17,956
<hr/>		
Loss and comprehensive loss for the period	\$	(53,679)
<hr/>		
Basic loss per share (Note 6)	\$	(0.01)

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

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Statement of Changes in Shareholders' Equity

For the period from inception on April 10, 2015 to August 31, 2015
(In Canadian Dollars)

	Shares	Share capital	Deficit	Total
Balance, April 10, 2015	-	\$ -	\$ -	\$ -
Issuance of common shares (Note 5(b))	12,800,100	256,001	-	256,001
Loss for the period	-	-	(53,679)	(53,679)
Balance, August 31, 2015	12,800,100	\$ 256,001	\$ (53,679)	\$ 202,322

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

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Statement of Cash Flows

For the period from inception on April 10, 2015 to August 31, 2015
(In Canadian Dollars)

Cash provided by (used in):

Operations:

Loss for the period \$ (53,679)

Items not involving cash:

Prepaid expenses (47,067)

Trade payable and accrued liabilities 7,100

Cash flows used in operating activities (93,646)

Financing:

Proceeds from issuance of shares 256,001

Cash flows from financing activities 256,001

Increase in Cash and cash equivalents, being end of period \$ 162,355

The following cash payments have been made for the period from inception on April 10, 2015 to August 31, 2015:

Taxes	\$	-
Interest	\$	-

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

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Notes to the Financial Statements

For the period from inception on April 10, 2015 to August 31, 2015
(all amounts are expressed in Canadian dollars except where otherwise noted)

1. Nature of Operations and Going Concern

Breathtec Biomedical Inc. (formerly PBA Acquisitions Corp.) (the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on April 10, 2015. The Company was formed to propel innovative research in the area of breath analysis as a medical diagnostic tool. The Company will focus on the innovation and advances in the field of specialized mass spectrometry.

The Company's head office and registered and records office address is 1100 – 888 Dunsmuir Street, Vancouver, BC, Canada, V6E 3K4.

The Company's financial statements as at August 31, 2015 and for the period from inception on April 10, 2015 to August 31, 2015 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has a net loss of \$53,679 for the period from the date of inception on April 10, 2015 to August 31, 2015 and has a working capital of \$202,322 at August 31, 2015.

The Company had cash and cash equivalents of \$162,355 at August 31, 2015, but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management believes that the Company's capital resources should be adequate to continue operating and maintaining its business strategy during the year ending August 31, 2016. However, if the Company is unable to raise additional capital, management expects that the Company may need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. 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.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Notes to the Financial Statements

For the period from inception on April 10, 2015 to August 31, 2015
(all amounts are expressed in Canadian dollars except where otherwise noted)

2. Basis of Preparation and Statement of Compliance

These financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB"). They have also been prepared in accordance with interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting.

Significant accounting judgments, estimates and assumptions

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 reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts 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.

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

3. Significant Accounting Policies

Income taxes

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Notes to the Financial Statements

For the period from inception on April 10, 2015 to August 31, 2015
(all amounts are expressed in Canadian dollars except where otherwise noted)

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. During the period from inception on April 10, 2015 to 31 August, 2015, the Company did not have any instruments that were dilutive.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Notes to the Financial Statements

For the period from inception on April 10, 2015 to August 31, 2015
(all amounts are expressed in Canadian dollars except where otherwise noted)

3. Significant Accounting Policies (*continued*)

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, as follows:

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

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

The Company has classified its cash as fair value through profit or loss. The Company's trade accounts payable and accrued liabilities are classified as other financial liabilities. IFRS 7 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Notes to the Financial Statements

For the period from inception on April 10, 2015 to August 31, 2015
(all amounts are expressed in Canadian dollars except where otherwise noted)

Future Accounting Pronouncements

The following accounting pronouncements have been made, but are not yet effective for the Company as at August 31, 2015. The Company is currently evaluating the impact of these new and amended standards on its financial statements.

Amendments to IFRS 7, Financial Instruments: Disclosures (“IFRS 7”) will require additional disclosure of information on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2016.

In October 2010, the IASB issued IFRS 9, Financial Instruments (“IFRS 9”), which represents the completion of the first part of a three-part project to replace IAS 39, Financial Instruments: Recognition and Measurement, with a new standard. Per the new standard, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity’s own credit risk in the other comprehensive income or loss section of the entity’s statement of comprehensive loss, rather than within profit or loss. Additionally, IFRS 9 includes revised guidance related to derecognition of financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IAS 1 ‘Presentation of Financial Statements’ is an amendment to clarify certain aspects focused on the areas of clarification of concept of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of loss and comprehensive loss, and providing of additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendment is applicable to annual periods beginning on or after January 1, 2016.

4. Trade Payables and Accrued Liabilities

The Company’s trade payables and accrued liabilities are principally comprised of amounts for administrative activities. These are broken down as follows for the period from the date of inception on April 10, 2015 to August 31, 2015:

Trade payables	\$	2,100
Accrued liabilities		5,000
Total	\$	7,100

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Notes to the Financial Statements

For the period from inception on April 10, 2015 to August 31, 2015
(all amounts are expressed in Canadian dollars except where otherwise noted)

5. Share Capital and Reserves

(a) Authorized Share Capital

The Company has authorized an unlimited number of common shares without nominal or par value.

As at August 31, 2015, the Company has 12,800,100 common shares outstanding.

(b) Common shares issued:

During the period from the date of inception on April 10, 2015 to August 31, 2015, the Company issued common shares as follows:

- On April 10, 2015, the Company issued 100 common shares pursuant to the inception of the Company at a price of \$0.01 per common share for total proceeds of \$1.
- On June 15, 2015, the Company issued 12,800,000 common shares pursuant to a non-brokered private placement at a price of \$0.02 per common share for total proceeds of \$256,000.

6. Loss per Share

The calculation of basic loss per share for the period from the date of inception on April 10, 2015 to August 31, 2015 is based on the following data:

Net loss for the period	\$	(53,679)
Weighted average number of shares - basic		6,933,433
Loss per share, basic	\$	(0.01)

7. Income Taxes

Income tax expense varies from the amount that would be computed by applying the expected basic federal and provincial income tax rates for Canada at August 31, 2015 at 13.50% to income before income taxes.

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Notes to the Financial Statements

For the period from inception on April 10, 2015 to August 31, 2015
(all amounts are expressed in Canadian dollars except where otherwise noted)

7. Income Taxes (Continued)

A reconciliation of the differences is as follows:

Loss before income taxes	\$	(53,679)
Expected income tax recovery		(7,247)
Increase (decrease) in taxes:		
Change in valuation allowance		7,247
Income tax recovery	\$	-

The components of the deferred tax asset are as follows:

Deferred income tax asset (liability):		
Non-capital loss carry forwards	\$	7,247
Less: valuation allowance		(7,247)
Deferred income tax asset (liability)	\$	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statements of financial position are as follows:

	Amount	Expiry Date Range
Non-capital losses	\$ 53,679	2035
Total non-capital losses	\$ 53,679	

Tax attributes are subject to revenues and potential adjustments by tax authorities.

8. Financial Instruments and Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

As at August 31, 2015, the Company's risk exposure and the impact on the Company's Financial instruments are summarized below:

(a) Credit risk

Credit risk arises from the possibility that a counterparty to which the Company provides goods or services is unable or unwilling to fulfill their obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash.

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Notes to the Financial Statements

For the period from inception on April 10, 2015 to August 31, 2015
(all amounts are expressed in Canadian dollars except where otherwise noted)

8. Financial Instruments and Risk Management (*continued*)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements by preparing short-term and long-term cash flow analyses. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company does not have any contractual obligations other than the trade accounts payable and accrued liabilities reported on the statement of financial position. The Company has sufficient cash as at August 31, 2015 to settle its current liabilities as they come due.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

i. Foreign currency exchange risk

The Company is exposed to foreign currency exchange rate fluctuations as the Company conducts business in Canada and the United States.

ii. Interest rate risk

Interest rate risk is the risk of change in the borrowing rates of the Company. The Company does not have any exposure to changes in interest rates and is therefore not exposed to this risk.

iii. Commodity price risk

Commodity price risk is the risk of price volatility of commodity prices. Currently, the Company does not have commercial operations and is therefore not exposed to this risk. Commodity prices generally fluctuate beyond the control of the Company. Factors which contribute to the fluctuation are, but not limited to, demand, forward sales, worldwide production, speculative hedging activities, and bank lending rates.

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Notes to the Financial Statements

For the period from inception on April 10, 2015 to August 31, 2015
(all amounts are expressed in Canadian dollars except where otherwise noted)

8. Financial Instruments and Risk Management *(continued)*

(d) Categories of financial instruments

As at August 31, 2015	
Financial assets at fair value	
Cash and cash equivalents	\$ 162,355
<hr/>	
Total financial assets at fair value	\$ 162,355
<hr/>	
Financial liabilities at fair value	
Trades payable	\$ 2,100
<hr/>	
Total financial liabilities	\$ 2,100

(e) Fair value of financial instruments

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition 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. As at August 31, 2015, the Company does not have any Level 3 financial instruments.

As at August 31 2015	Level 1	Level 2	Total
Financial assets at fair value			
Cash and cash equivalents	\$ 162,355	-	\$ 162,355
<hr/>			
Total financial assets at fair value	\$ 162,355	-	\$ 162,355

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Notes to the Financial Statements

For the period from inception on April 10, 2015 to August 31, 2015
(all amounts are expressed in Canadian dollars except where otherwise noted)

9. Capital Management

The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors.

The Company's objectives when managing capital are:

- (a) to safeguard the Company's ability to continue as a going concern and provide returns for shareholders; and,
- (b) to facilitate the development of its core business.

The Company considers shareholders' equity as the capital of the Company.

As at August 31, 2015	
Shareholders' equity	\$ 202,322

The Company does not have any externally imposed restrictions on its capital.

10. Related Party Transactions

During the period from the date of inception on April 10, 2015 to August 31, 2015, the Company had transactions with the following company related by way of directors in common:

- Cheshire Consulting Corp. ("Cheshire"), a company with a director in common with the Company. Cheshire provides consulting services to the Company on a month – to – month basis.

10.1 Related Party Expenses

The Company's related party expenses for the period from the date of inception on April 10, 2015 to August 31, 2015 are summarized as follows:

Consulting fees	\$ 10,500
Total related party expenses	\$ 10,500

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Notes to the Financial Statements

For the period from inception on April 10, 2015 to August 31, 2015
(all amounts are expressed in Canadian dollars except where otherwise noted)

10.2 Due from/to Related Party

The assets and liabilities of the Company include the following amounts due to related parties for the period ended August 31, 2015 are summarized as follows:

Cheshire Consulting Corp.	\$	-
Total amount due to related party	\$	-

These transactions with the related party are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

11. Subsequent Events

- a) On September 11, 2015, a wholly-owned subsidiary named Breathtec Merger Co, Inc. (the "Subsidiary") was incorporated in the state of Florida USA and one common share valued at \$0.01 was issued to the Company.
- b) On September 11, 2015 the Company signed a merger agreement with Petro Basin Energy Corp., the Subsidiary and Breathtec Biomedical Inc., a company incorporated in the state of Florida USA ("Breathtec Florida"), whereby the Company, the Subsidiary and Breathtec Florida, are to merge and continue as one corporation incorporated in British Columbia, named "Breathtec Biomedical, Inc." by way of the following steps:
 - The Company and Breathtec Florida are to complete a share exchange on the basis of one Breathtec Florida share for one share and one half warrant of the Company. The common shares of Breathtec Florida will subsequently be cancelled.
 - Breathtec Florida and the Subsidiary will merger with Breathtec Florida as the surviving company.
 - The surviving company and the Subsidiary are to complete a share exchange on the basis of one share of the surviving company for one share of the Subsidiary.
 - The surviving company will be a wholly owned subsidiary of the Company.

BREATHTEC BIOMEDICAL INC. (FORMERLY PBA ACQUISITIONS CORP.)

Notes to the Financial Statements

For the period from inception on April 10, 2015 to August 31, 2015

(all amounts are expressed in Canadian dollars except where otherwise noted)

- c) On September 23, 2015, the Company issued 2,575,898 common shares at deemed price of \$0.016 per share for total cash proceeds of \$42,000 to the shareholders of Petro Basin Energy Corp. pursuant to the terms of an arrangement agreement between Petro Basin Energy Corp. and the Company.

- d) On October 14, 2015 the Company issued 7,101,400 units at a price of \$0.25 per unit for total proceeds of \$1,775,350. Each unit consists of one common share and one half of a common share purchase. Each warrant entitles the holder thereof to purchase one additional common share at a price of \$0.40 until October 14, 2017. Total finder's fees consisted of \$120,028 in cash and 480,112 finder's warrants. Each finder's warrant entitles the holder thereof to purchase one common share at a price of \$0.25 until October 14, 2017.

APPENDIX "A1"

BREATHTEC BIOMEDICAL INC (formerly PBA Acquisitions Inc.)
MANAGEMENT DISCUSSION AND ANALYSIS FOR PERIOD ENDING AUGUST 31, 2015

(All amounts expressed in Canadian dollars, unless otherwise stated)

This Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of Breathtec Biomedical, Inc. (formerly PBA Acquisitions Inc.) (the "Company") and discloses its financial results from inception on April 10, 2015 to the period ended August 31, 2015. The MD&A should be read in conjunction with the audited financial statements of the Company for August 31, 2015 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar.

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Additional information relating to the Company can be located on the SEDAR website at www.sedar.com. This MD&A is current as at October 16, 2015.

BACKGROUND

Breathtec Biomedical, Inc. (formerly PBA Acquisitions Inc.) was incorporated as a wholly-owned subsidiary of a reporting issuer, Petro Basin Energy Corp. ("PBA.H") on April 10, 2015 under the laws of British Columbia, Canada. Its head office and registered office is located at 1100 – 888 Dunsmuir Street, Vancouver, V6C 3K4 British Columbia, Canada. The Company is in the business of consulting on capital markets deal structuring, venture capital and corporate advisory.

QUARTERLY HIGHLIGHTS

The Company received \$256,000 in private placement funds.

The Company's Business

The Company is in the business of consulting on capital markets deal structuring, venture capital and corporate advisory. As of the date of this document, the Company has not commenced commercial operations.

LIQUIDITY AND CAPITAL RESOURCES

At August 31, 2015, the Company had a working capital surplus of \$162,355.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the period ended August 31, 2015, the Company incurred \$53,679 net loss. The continuation of the Company as a going concern is dependent on its ability to obtain or generate profitable business operations and secure external financing.

BREATHTEC BIOMEDICAL INC (formerly PBA Acquisitions Inc.)
MANAGEMENT DISCUSSION AND ANALYSIS FOR PERIOD ENDING AUGUST 31, 2015

(All amounts expressed in Canadian dollars, unless otherwise stated)

The Company's expected cash resources are sufficient to meet its short-term needed. Management estimates that the current cash position and future cash flows from new equity financings, and/or related party loans will be sufficient for the Company to carry out its anticipated costs of operations through 2015. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its business objectives.

OUTSTANDING SHARE DATA

The following share capital data is current as of the date of this document:

	Balance
Shares issued and outstanding	12,800,100

During the period from the date of inception on April 10, 2015 to August 31, 2015, the Company issued common shares as follows:

On April 10, 2015, the Company issued 100 common shares pursuant to the inception of the Company at a price of \$0.01 per common share for total proceeds of \$1.

On June 15, 2015, the Company issued 12,800,000 common shares pursuant to a non-brokered private placement at a price of \$0.02 per common share for total proceeds of \$256,000.

Subsequent to the period ended August 31, 2015, on September 23, 2015, the Company issued 2,575,898 Class A common shares pursuant to a plan of arrangement at a deemed price of \$0.016 per share for total proceeds of \$42,000.

Subsequent to the period ended August 31, 2015, on October 14, 2015 the Company issued 7,101,400 Class A common shares pursuant to a brokered private placement at a price of \$0.25 per common shares for a total proceeds of 1,775,350. Each unit comes with a half warrant at a exercise price of \$0.40.

RESULTS OF OPERATION

Inception(April 10, 2015) to Ended August 31, 2015

For the period ending August 31, 2015, the Company incurred a \$53,679 net loss as the Company had not commenced operations yet. The net loss of \$53,679 consisted of \$10,500 in consulting fees, \$17,956 in professional fees, \$25,000 in website development and \$223 in general costs. The Company's operations are in their infancy and no comparative or trend discussion is relevant.

BREATHTEC BIOMEDICAL INC (formerly PBA Acquisitions Inc.)
MANAGEMENT DISCUSSION AND ANALYSIS FOR PERIOD ENDING AUGUST 31, 2015
(All amounts expressed in Canadian dollars, unless otherwise stated)

SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS

	August 31, 2015	April 10, 2015 (incorporation) to August 31, 2015
Net loss	\$(53,679)	\$(53,679)
Basic loss per share	\$(0.01)	\$(0.01)

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Ref.	June 30, 2015
		\$
Other financial assets	a	162,355
Other financial liabilities	b	7,100

- a. Comprises cash held in a Canadian dollar account at a major Canadian financial institution and sales tax receivable.
b. Comprises accounts payable.

The fair values of the Company's cash is not materially different from its carrying value. The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand. Liquidity risk has been assessed as being high (see note 1).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate

BREATHTEC BIOMEDICAL INC (formerly PBA Acquisitions Inc.)
MANAGEMENT DISCUSSION AND ANALYSIS FOR PERIOD ENDING AUGUST 31, 2015

(All amounts expressed in Canadian dollars, unless otherwise stated)

because of changes in market interest rates. The Company is not currently exposed to interest rate risk.

Off-Balance Sheet Transactions

The Company has not entered into any significant off-balance sheet arrangements or commitments.

PROPOSED TRANSACTIONS

On June 4, 2015, the Company entered into a non-binding letter of intent with Breathtec Biomedical Inc. ("Target Co."), a private company incorporated under the business laws of the State of Florida, whereby the Company will acquire 100% of the issued and outstanding common shares of Target Co. from all of its shareholders in exchange for Class A common shares of the Company.

In furtherance of the transaction the parties entered into a merger agreement dated September 11, 2015. After the closing of the transaction the parties anticipate the Company will list its Class A common shares on the Canadian Securities Exchange (the "Exchange").

Pursuant to the merger agreement the Company will upon closing of the merger issue: (1) 15,605,400 Class A common shares to the existing shareholders of Target Co. at a deemed price of \$0.25 per share, in exchange for outstanding Target Co. common shares held by the existing Target Co. shareholders; (2) issue 7,802,700 Company warrants exercisable at a price of \$0.40 for a period of two years from the closing date.;

Pursuant to the merger agreement the Company will complete a concurrent financing: 7,101,400 Class A common shares at a price of \$0.25 with a half warrant exercisable at a price of \$0.40. A finder's fee is intended and is comprised of a cash fee equivalent to 8.0% of the concurrent financing received and common share purchase warrants equal to 8.0% of the number of shares issued in the financing. Each warrant is exercisable into a Class A common share at an exercise price of \$0.40 per share and for up to two years. Note \$120,028 was paid and 480,112 warrants issued.

RISKS AND UNCERTAINTIES

The Company is in the corporate consulting business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business.

Negative Operating Cash Flows

As the Company is at the early stage start up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can realize stable cash flow from operations.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. The Company may have to raise capital to continue its business. The outcome of these matters cannot be predicted at this time.

The financial statements of the Company 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. Our future

BREATHTEC BIOMEDICAL INC (formerly PBA Acquisitions Inc.)
MANAGEMENT DISCUSSION AND ANALYSIS FOR PERIOD ENDING AUGUST 31, 2015

(All amounts expressed in Canadian dollars, unless otherwise stated)

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 we will be successful in completing 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 we be unable to continue as a going concern.

Reliance on Key Personnel and Advisors

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees (if any) of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees (if any) of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

As of the date of this document, the Company has no employees.

Market Risk for Securities

We are a reporting issuer company whose common shares are not listed for trading on a stock exchange. There can be no assurance that an active trading market for our common shares will be established and sustained. Even if a trading market develops, there can be no assurance that such market will continue in the future. If a listing of the Company's common shares occurs, the market price for our common shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of our securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies. Consequently, you may lose your entire investment.

Uninsured or Uninsurable Risk

We may become subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our usual business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

Conflicts of Interest Risk

Certain of our directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from our interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to our best interests. However, in conflict of interest situations, our directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to us. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to us. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance

BREATHTEC BIOMEDICAL INC (formerly PBA Acquisitions Inc.)
MANAGEMENT DISCUSSION AND ANALYSIS FOR PERIOD ENDING AUGUST 31, 2015

(All amounts expressed in Canadian dollars, unless otherwise stated)

with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Key Personnel Risk

Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract any consultants as may be necessary to continue our business. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for qualified officers, directors and other key personnel can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to us and our management. If uncertain market conditions persist, our ability to raise capital could be jeopardized, which could have an adverse impact on our operations and the price of our common shares.

Dividend Risk

We have not paid dividends in the past and do not anticipate paying dividends in the near future. We expect to retain our earnings to finance further growth and, when appropriate, retire debt.

Share Price Volatility Risk

It is anticipated that our common shares will be listed for trading on the Exchange. As such, external factors outside of our control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward the Company's sector stocks may have a significant impact on the market price of our common shares. Global stock markets, including the Exchange, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. There can be no assurance that an active or liquid market will develop or be sustained for the common shares.

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

APPENDIX “B”



BREATHTEC BIOMEDICAL, INC.

Financial Statements August 31, 2015

(Expressed in United States Dollars)

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BREATHTEC BIOMEDICAL, INC.

We have audited the accompanying financial statements of Breathtec Biomedical, Inc., which comprise the statement of financial position as at August 31, 2015, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the 221-day period 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 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Breathtec Biomedical, Inc. as at August 31, 2015, and its financial performance and its cash flows for the 221-day period then ended, in accordance with International Financial Reporting Standards.



Chartered Professional Accountants

Vancouver, British Columbia

November 11, 2015

BREATHTEC BIOMEDICAL, INC.
Statement of Financial Position
(Expressed in United States Dollars)

	August 31, 2015
Assets	
Current	
Cash	\$ 1,063,947
Non-current	
Incorporation costs	1,101
	\$ 1,065,048
Liabilities	
Current	
Accounts payable and accrued liabilities (notes 6 and 8)	\$ 131,767
Shareholders' Equity	
Capital Stock (note 5)	1,271,080
Deficit	(337,799)
	933,281
	\$ 1,065,048

Approved on behalf of the Board:

"Kal Malhi" (signed)

Director

"Dr. Raj Attariwala" (signed)

Director

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

BREATHTEC BIOMEDICAL, INC.
Statement of Loss and Comprehensive Loss
(Expressed in United States Dollars)

	221-Day Period Ended August 31, 2015
Expenses	
General and administrative	\$ 8,101
Professional fees (note 8)	246,080
Research and development (note 6)	83,883
	(338,064)
Interest income	265
Net Loss and Comprehensive Loss for the Period	\$ (337,799)
Basic and Diluted Loss Per Share	\$ (0.03)
Weighted Average Number of Common Shares Outstanding	10,499,471

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

BREATHTEC BIOMEDICAL INC.
Statement of Changes in Shareholders' Equity
(Expressed in United States Dollars)

	Capital Stock		Deficit	Total
	Number	Amount		
Balance, January 22, 2015 (date of incorporation)	5,000,000	\$ 25,000	\$ -	\$ 25,000
Shares issued for cash	10,605,400	1,246,080	-	1,246,080
Net loss for the period	-	-	(337,799)	(337,799)
Balance, August 31, 2015	15,605,400	\$ 1,271,080	\$ (337,799)	\$ 933,281

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

BREATHTEC BIOMEDICAL, INC.
Statement of Cash Flows
(Expressed in United States Dollars)

	221-Day Period Ended August 31, 2015
Operating Activities	
Net loss for period	\$ (337,799)
Change in working capital balances:	
Accounts payable and accrued liabilities	131,767
Cash Used in Operating Activities	(206,032)
Investing Activity	
Incorporation costs	(1,101)
Financing Activity	
Issuance of shares	1,271,080
Inflow of Cash	1,063,947
Cash, Beginning of Period	-
Cash, End of Period	\$ 1,063,947

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

BREATHTEC BIOMEDICAL, INC.
Notes to the Financial Statements
For the 221-Day Period Ended August 31, 2015
(Expressed in United States Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Breathtec Biomedical, Inc. (the “Company”) was incorporated in the state of Florida, USA, on January 22, 2015. The principal business of the Company is to develop a non-invasive, alternative medical testing solution for various health-related concerns, including cancers, liver disease, kidney failure, diabetes, asthma and tuberculosis.

The head office of the Company is located at 525 Okeechobee Boulevard, Suite 1600, West Palm Beach, Florida, USA, 33401. The records office of the Company is located at 10589 Ladner Trunk Road, Delta, British Columbia, Canada, V4G 1K2.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

At present, the Company has no current operating income. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties cast doubt on the Company’s ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations. These financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”). These financial statements have been prepared on a historical cost basis, except for financial assets and liabilities classified as financial instruments at fair value through profit or loss (“FVTPL”), which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in United States dollars, which is the Company’s functional currency.

The significant accounting policies set out in note 3 have been applied consistently to the period presented.

(b) Approval of the financial statements

These financial statements of the Company were approved by the Board of Directors and authorized for issue on November 11, 2015.

BREATHTEC BIOMEDICAL, INC.
Notes to the Financial Statements
For the 221-Day Period Ended August 31, 2015
(Expressed in United States Dollars)

2. BASIS OF PRESENTATION (continued)

(c) New accounting pronouncements

IFRS 9 *Financial Instruments* (2014)

On July 24, 2014 the IASB issued the complete IFRS 9, which replaces the earlier versions of IFRS 9 (2009, 2010 and 2013). IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. The final standard also mends the impairment model by introducing a new “expected credit loss” model for calculating impairment, and new general hedge accounting requirements. IFRS 9 (2014) is effective for the Company’s annual periods beginning after September 1, 2018 with earlier adoption permitted.

The Company is currently evaluating the impact of IFRS 9 on its financial statements and expects to apply the standard in accordance with its future mandatory effective date. The extent of the impact of adoption of this pronouncement has not yet been determined.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, FVTPL, loans and receivables, and available-for-sale (“AFS”). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash is included in this category of financial assets.

Loans and receivables

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method. The Company has no assets classified as loans and receivables.

BREATHTEC BIOMEDICAL, INC.
Notes to the Financial Statements
For the 221-Day Period Ended August 31, 2015
(Expressed in United States Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Financial instruments (continued)

(i) Financial assets (continued)

Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

Available-for-sale

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity. The Company has no assets classified as AFS.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following category:

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as Level 1 in the fair value hierarchy are cash and accounts payable and accrued liabilities.

BREATHTEC BIOMEDICAL, INC.
Notes to the Financial Statements
For the 221-Day Period Ended August 31, 2015
(Expressed in United States Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Financial instruments (continued)

(iv) Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

(b) Research and development costs

Research costs, including costs for new patents and patent applications, are expensed in the period in which they are incurred. Development costs are expensed in the period in which they are incurred unless certain criteria, including technical feasibility, commercial feasibility, and intent and ability to develop and use the technology, are met for deferral and amortization. No research or development costs have been deferred to date.

(c) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(d) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income/loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of operations.

Current tax expense is the expected tax payable on the taxable income for the period using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

BREATHTEC BIOMEDICAL, INC.
Notes to the Financial Statements
For the 221-Day Period Ended August 31, 2015
(Expressed in United States Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income taxes (continued)

Deferred tax assets and liabilities are recognized for deferred 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 the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

(e) Capital stock

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(f) Significant accounting judgments, estimates and assumptions

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

Significant areas requiring the use of management estimates include:

- The completeness of accrued liabilities; and
- The utilization of deferred income tax assets.

Significant areas requiring the use of management's judgments include:

- Treatment of development costs – costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the product is technically and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has not capitalized any development costs as at August 31, 2015.

BREATHTEC BIOMEDICAL, INC.
Notes to the Financial Statements
For the 221-Day Period Ended August 31, 2015
(Expressed in United States Dollars)

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk exists with respect to the Company's cash, as all amounts are held at a single major United States financial institution.

Credit risk is minimized by ensuring that these financial assets are placed with a major United States financial institution with a strong investment-grade rating by a primary ratings agency and insured with the Federal Deposit Insurance Corporation.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. At August 31, 2015, the Company had cash of \$1,063,947 available to meet short-term business requirements and current liabilities of \$131,767. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not exposed to significant market risk.

5. CAPITAL STOCK

(a) Authorized

100,000,000 common shares without par value.

(b) Issued and outstanding

On January 22, 2015, the Company issued 5,000,000 common shares at a price of \$0.005 per common share for total proceeds of \$25,000.

On May 1, 2015, the Company issued 5,000,000 common shares at a price of \$0.025 per common share for total proceeds of \$125,000.

On May 15, 2015, the Company issued 5,605,400 common shares at a price of \$0.20 per common share for total proceeds of \$1,121,080.

BREATHTEC BIOMEDICAL, INC.
Notes to the Financial Statements
For the 221-Day Period Ended August 31, 2015
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5. CAPITAL STOCK (continued)

(c) Common shares reserved for issuance

As at August 31, 2015, the Company has 3,000,000 common shares reserved for issuance as follows:

- 1,000,000 common shares to various officers, directors, employees and consultants; and
- 2,000,000 to the University of Florida for the acquisition of patents.

6. RESEARCH AND DEVELOPMENT

The Company entered into a research agreement (the "Agreement") with the University of Florida and is committed to fund a maximum amount of \$111,844 in accordance with the schedule below after receipt of an invoice. The period of performance will run until January 15, 2016.

Date or Event	Amount
Upon execution of the Agreement	\$ 27,961 (paid)
April 15, 2015 or delivery of first progress report	27,961 (paid)
August 15, 2015 or delivery of second progress report	27,961 (accrued)
January 15, 2016 or delivery of final progress report	27,961
	\$ 111,844

7. CAPITAL MANAGEMENT

The Company is actively developing a non-invasive, alternative medical testing solution for various health-related concerns, which involves a high degree of risk. The Company has not determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of capital stock. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

There have been no changes to the Company's approach to capital management during the period.

Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this financing.

8. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the fair value of the services rendered.

BREATHTEC BIOMEDICAL, INC.
Notes to the Financial Statements
For the 221-Day Period Ended August 31, 2015
(Expressed in United States Dollars)

8. RELATED PARTY TRANSACTIONS (Continued)

Key management compensation and amounts paid to related parties during the period January 22, 2015 to August 31, 2015 include:

- Professional fees of \$85,350 relating to consulting services paid to officers and directors of the Company.

As at August 31, 2015, accounts payable and accrued liabilities includes \$46,000 payable to officers for professional fees.

9. INCOME TAXES

A reconciliation of income tax expense to the amount computed at the statutory rate is as follows:

	2015
Loss before income taxes	\$ 337,799
Statutory tax rate	35%
Income tax recovery computed at statutory tax rate	118,230
Unrecognized tax benefit	(118,230)
	\$ -

The Company has available for deduction against future taxable income non-capital losses of approximately \$338,000. These losses, if not utilized, will expire in 2035. Future tax benefits that may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation due to the uncertainty of their realization.

10. SEGMENTED INFORMATION

The Company has one operating segment, the development of health-related technology in the United States.

11. EVENT AFTER THE REPORTING DATE

On July 6, 2015, the Company entered into a non-binding letter of intent with Petro Basin Energy Corp. ("Petro Basin") whereby Petro Basin or its wholly-owned subsidiary, Breathtec Biomedical, Inc. ("Newco") would acquire all of the issued and outstanding common shares in the capital of the Company, in connection with a proposed business combination. This non-binding letter of intent was later replaced and superseded by the Merger Agreement dated September 11, 2015 between the Company, Petro Basin, Newco, and Florida Merger Co, Inc. ("MergerCo"), a wholly-owned subsidiary of Newco. Upon completion of the Merger Agreement, MergerCo and the Company will amalgamate to create the operating subsidiary of Newco.

As consideration for entering into the Merger Agreement, Newco exchanged, on a pro rata basis, the Company's shares held by its shareholders, 15,605,400 Newco shares and 7,802,700 Newco warrants which resulted in the Company being a wholly-owned subsidiary of Newco.

Upon completion of the merger on October 26, 2015, the Company's shareholders hold 15,605,400 Newco shares representing approximately 40.9% of the issued and outstanding Newco shares.

Newco is in the process of applying to list on the Canadian Securities Exchange.

APPENDIX "B1"

Breathtec Biomedical, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the 221-Day Period Ended August 31, 2015

Dated November 11, 2015

Management's Discussion and Analysis

For the 221-Day Period Ended August 31, 2015

Dated November 11,, 2015

The following management's discussion and analysis ("MD&A") has been prepared by management. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited financial statements of Breathtec Biomedical, Inc. ("Breathtec" or the "Company") and notes thereto. The information provided herein supplements but does not form part of the financial statements. This discussion covers the 221-day period ended August 31, 2015 and the subsequent period up to the date of issue of this MD&A. Unless otherwise noted, all dollar amounts are stated in United States dollars.

The Company's financial statements for the 221-day period ended August 31, 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This MD&A is intended to help the reader understand Breathtec, its operations, financial performance, current and future business environment and opportunities and risks facing the Company. Certain risks relating to the Company are set out explicitly in Appendix 1 of this MD&A. In addition, certain statements in this report incorporate forward looking information and readers are advised to review the cautionary note regarding such statements in Appendix 2 of this MD&A.

Description of Business and Overview

Breathtec was incorporated in the state of Florida, USA, on January 22, 2015. The principal business of the Company is to develop a non-invasive, alternative medical testing solution for various health-related concerns including cancers, liver disease, kidney failure, diabetes, asthma and tuberculosis.

On July 6, 2015, The Company entered into a non-binding letter of intent with Petro Basin Energy Corp. ("Petro Basin") whereby Petro basin or its wholly-owned subsidiary, Breathtec Biomedical Inc. ("Newco") would acquire all of the issued and outstanding common shares in the capital of the Company, in connection with a proposed business combination. This non-binding letter of intent was later replaced and superseded by the Merger Agreement dated September 11, 2105 between the Company, Petro Basin, Newco, and Florida Merger Co., Inc. ("MergerCo"), a wholly-owned subsidiary of Newco. Upon completion of the Merger Agreement, MergerCo and the Company will amalgamate to create the operating subsidiary of Newco.

As consideration for entering into the Merger Agreement, Newco exchanged, on a pro rata basis the Company's shares held by its shareholders, 15,605,400 Newco shares and 7,802,700 Newco warrants which resulted in the Company being a wholly-owned subsidiary of Newco.

Upon completion of the merger on October 26, 2015, the Company's shareholders hold 15,605,400 Newco shares representing approximately 40.9% of the issued and outstanding Newco shares.

Newco is in the process of applying to list on the Canadian Securities Exchange.

The Company has not commenced commercial operations and has no assets other than cash. At present, the Company has no current operating income. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties cast doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

Company Business

Selected Financial Information

The following selected financial data is derived from the financial statements prepared in accordance with IFRS:

	221-day period ended August 31, 2015
Total revenue	\$0
Loss before other items	\$338,064
Net loss and comprehensive loss	\$337,799
Loss per common share, basic and diluted	\$0.03
Total assets	\$1,065,048
Long term debt	\$0
Dividends paid/payable	\$0

Results of Operations

The Company was incorporated on January 22, 2015. During the 221-day period ended August 31, 2015, the Company recorded a net loss of \$337,799.

The Company's net loss for the 221-day period ended August 31, 2015 can be attributed mainly to professional fees and research and development expenses.

For the 221-day period ended August 31, 2015, the Company incurred professional fees of \$246,080. Professional fees include legal, accounting and consulting fees incurred in the operations of the business.

For the 221-day period ended August 31, 2015, the Company incurred research and development expenses of \$83,883 which are related to a research agreement (the "Agreement") into which the Company entered with the University of Florida. The Company is committed to fund a maximum amount of \$111,844 in accordance with the schedule below after receipt of an invoice. The period of performance will run until January 15, 2016.

Date or event	Amount
Upon execution of the Agreement	\$ 27,961 (paid)
April 15, 2015 or delivery of first progress report	27,961 (paid)
August 15, 2015 or delivery of second progress report	27,961 (accrued)
January 15, 2016 or delivery of final progress report	27,961
April 15, 2015 or delivery of first progress report	\$ 111,844

Liquidity and Capital Resources

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and

anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At August 31, 2015 the Company had working capital of \$932,180 which included cash of \$1,063,947 available to meet short-term business requirements and liabilities of \$131,767. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has no long term debt.

At present, the Company has no current operating income. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties cast doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

Outstanding Share Data

As at August 31, 2015 and the date of this report, the Company had 15,605,400 issued and outstanding common shares.

On January 22, 2015, the Company issued 5,000,000 common shares at a price of \$0.005 per common share for total proceeds of \$25,000.

On May 1, 2015, the Company issued 5,000,000 common shares at a price of \$0.025 per common share for total proceeds of \$125,000.

On May 15, 2015, the Company issued 5,605,400 common shares at a price of \$0.20 per common share for total proceeds of \$1,121,080.

As at August 31, 2015, the Company has 3,000,000 common shares reserved for issuance as follows:

- 1,000,000 common shares to various officers, directors, employees and consultants; and
- 2,000,000 to the University of Florida for the acquisition of patents.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Contractual Commitments

The Company has entered into a research agreement with the University of Florida in which the Company is committed to fund a maximum amount of \$111,844 after receipt of an invoice. The period of performance will run until January 15, 2016.

Transactions with Related Parties

Related party transactions are in the normal course of operations and are measured at the fair value of the services rendered.

Key management compensation and amounts paid to related parties during the period January 22, 2015 to August 31, 2015 include professional fees of \$85,350 relating to consulting services paid to officers and directors of the Company.

As at August 31, 2015, accounts payable and accrued liabilities includes \$46,000 payable to officers for professional fees.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of

revenues and expenses during the reporting period. Significant estimates include the completeness of accrued liabilities and the utilization of deferred income tax assets. While management believes the estimates are reasonable, actual results could differ from these estimates and could impact future results of operations and cash flows.

Accounting Policies

The following are the Company's significant accounting policies and have been applied consistently to the period presented:

(a) Financial instruments

(i) 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. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash is included in this category of financial assets.

Loans and receivables

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method. The Company has no assets classified as loans and receivables.

Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

Available-for-sale

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity. The Company has no assets classified as AFS.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following category:

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as Level 1 in the fair value hierarchy are cash and accounts payable and accrued liabilities.

(iv) Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

(b) Research and development costs

Research costs, including costs for new patents and patent applications, are expensed in the period in which they are incurred. Development costs are expensed in the period in which they are incurred unless certain criteria, including technical feasibility, commercial feasibility, and intent and ability to develop and use the technology, are met for deferral and amortization. No research or development costs have been deferred to date.

(c) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(d) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income/loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of operations.

Current tax expense is the expected tax payable on the taxable income for the period using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities are recognized for deferred 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 the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

(e) Capital stock

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(f) Significant accounting judgments, estimates and assumptions

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

Significant areas requiring the use of management estimates include:

- The completeness of accrued liabilities; and
- The utilization of deferred income tax assets.

Significant areas requiring the use of management's judgments include:

- Treatment of development costs – costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the product is technically and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has not capitalized any development costs as at August 31, 2015.

Financial Instruments

The Company's financial instruments as at August 31, 2015 include cash and accounts payable and accrued liabilities.

The Company classifies and measures its financial instruments as follows:

- cash is classified as financial assets at FVTPL;
- accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost

The carrying values of financial assets and liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The carrying amounts of financial assets and liabilities presented in the statement of financial position relate to the following measurement categories as defined in IAS 39:

	Financial Assets		Financial Liabilities	
	Fair Value Through Profit Or loss		Measured at Amortized Cost	
August 31, 2015				
Cash	\$	1,063,947	\$	-
Accounts payable and accrued liabilities	\$	-	\$	(131,767)

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk exists with respect to the Company's cash, as all amounts are held at a single major American financial institution.

Credit risk is minimized by ensuring that these financial assets are placed with a major American financial institution with a strong investment-grade rating by a primary ratings agency and insured with the Federal Deposit Insurance Corporation.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. At August 31, 2015, the Company had cash of \$1,063,947 available to meet short-term business requirements and current liabilities of \$131,767. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not exposed to significant market risk.

Management's responsibility for financial statements

The information provided in this report, including the financial statements is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have

been based on careful judgements and have been properly reflected in the accompanying financial statements.

November 11, 2015

On behalf of Management and the Board of Directors,

"Michael Sadhra"

Chief Financial Officer and Director

RISKS RELATED TO THE BUSINESS

Limited Operating History

The Company has no history of earnings. The Company has no present prospect of generating revenue from the sale of products. The Company 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 Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Negative Cash Flow for the Foreseeable Future

The Company has a no history of earnings or cashflow from operations. The Company does not expect to generate material revenue or achieve self-sustaining operations for several years, if at all. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative cash flow.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Reliance on successful development of prototype breath test

The Company's ability to generate future revenue or achieve profitable operations is largely dependent on the ability to successfully develop a prototype breath test into a marketable device and may take several years and significant financial resources, and the Company may not achieve those objectives.

The Company will be involved in research and development to first develop a prototype breath test, and then, if deemed marketable after testing, develop a commercial device. The development programs may take several years and may not lead to a commercial product for various reasons, including inadequate financial or other resources to advance product candidates through clinical trial process ofr successful commercialization.

Risks Related to Laboratory Developed Tests (LDTs) and Food and Drug Administration (FDA) Approval

In the United States, the FDA regulates medical devices, including diagnostic tests, under the Federal Food, Drug and Cosmetic Act. The FDA notification and approval process requires substantial time, effort and financial resources, and the Resulting Issuer cannot be certain that any approvals for its products will be granted on a timely basis, if at all. In 2014, the FDA issued draft guidance on the regulation of laboratory developed tests, or LDTs, such as those being developed by the Company and the period for public comment recently ended. Because the FDA has not issued final rules on the regulation of LDTs, Company is unable to determine what notification and approval process the FDA may require. Foreign jurisdictions have similar government regulatory bodies and requirements that the Company must meet prior to selling products in those jurisdictions.

The Company prospects must be considered in light of the risks, expenses, shifts, changes and difficulties frequently encountered with companies whose businesses are regulated by various federal, state and local governments. The health care, wellness, workers compensation and similar companies are subject to a variety of regulatory requirements and the regulatory environment is ever changing particularly with recent legislation, the full impact of which is not yet understood as regulations have not been issued. Failure to follow applicable regulatory requirements will have a materially negative impact

on the business of the Company. Furthermore, future changes in legislation can not be predicted and could irreparably harm the business of the Company.

Additional Financing Needs

The Company will require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

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 Company 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 Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Because of the early stage of the industry in which the Company will operate, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Conflicts of Interest

Certain of the directors and officers of the Company are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

Litigation

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

Commercial success of the Company will depend in part on not infringing upon the patents and proprietary rights of other parties and enforcing its own patents and proprietary rights against others. The research and development programs will be in highly competitive fields in which numerous third parties have issued patents and pending patent applications with claims closely related to the subject matter of the Company's programs. The Company is not currently aware of any litigation or other proceedings or claims by third parties that its technologies or methods infringe on their intellectual property.

While it is the practice of the Company to undertake pre-filing searches and analyses of developing technologies, it cannot guarantee that it has identified every patent or patent application that may be relevant to the research, development, or commercialization of its products. Moreover, it cannot assure that third parties will not assert valid, erroneous, or frivolous patent infringement claims.

Uninsurable Risks

The business of the Company may not be insurable or the insurance may not be purchased due to high cost. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company.

The market price of the Company's Common Shares may be subject to wide price fluctuations

The market price of the Company's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Company's common shares.

Dividends

The Company has no earnings or dividend record, and does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Limited Market for Securities

It is proposed that the Company's common shares will be listed on the CSE, however, there can be no assurance that such listing will be obtained and even if obtained, that an active and liquid market for the common shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

Regulatory Changes

The business of the Company is subject to rapid regulatory changes. Failure to keep up with such changes may adversely affect the business of the Company. Some of the changes are the FDA's implementation of the Universal Device Identifier ("UDI") in October 2015 and the tracking requirements for pharmaceuticals in the United States.

The Company's prospects must be considered in light of the risks, expenses, shifts, changes and difficulties frequently encountered with companies whose businesses are regulated by various federal, state and local governments. The health care, wellness, workers compensation and similar companies are subject to a variety of regulatory requirements and the regulatory environment is ever changing particularly with recent legislation, the full impact of which is not yet understood as regulations have not been issued. 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.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits will be granted.

Intellectual Property Rights

The Company could be adversely affected if it does not adequately protect its intellectual property rights. The Company regards its marks, rights, and trade secrets and other intellectual property rights as critical to its success. To protect its investments and the Company's rights in these various intellectual properties, it may rely on a combination of patents, trademark and copyright law, trade secret protection and confidentiality agreements and other contractual arrangements with its employees, clients, strategic partners, acquisition targets and others to protect proprietary rights. There can be no assurance that the steps taken by the Company to protect proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's copyrights, trademarks and similar proprietary rights, or that the Company will be able to detect unauthorized use and take appropriate steps to enforce rights. In

addition, although the Company believes that its proprietary rights do not infringe on the intellectual property rights of others, there can be no assurance that other parties will not assert infringement claims against the Company. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

The Company will rely on trade secrets to protect technology where it does not believe patent protection is appropriate or obtainable. Trade secrets are difficult to protect. While commercially reasonable efforts to protect trade secrets will be used, strategic partners, employees, consultants, contractors or scientific and other advisors may unintentionally or willfully disclose information to competitors.

If the Company is not able to defend patents or trade secrets, then it will not be able to exclude competitors from developing or marketing competing products, and the Company may not generate enough revenue from product sales to justify the cost of development of products and to achieve or maintain profitability.

Low Barriers to Entry and Competition

There is high potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

There may be larger, better financed companies which may become competition for the Company. At present, management believes that the Company has certain direct competition from Menssana Research Inc. ("**Mensana**") and Owlstone Nanotech Inc. ("**Owlstone**"). Menssana is based in New Jersey and Owlstone is based in the United Kingdom. These companies have the financial ability to compete directly with the Company.

Competitive pressures created by any one of these companies, or by the Company's competitors collectively, could have a material adverse effect on the Company's business, results of operations and financial condition.

New technologies and the expansion of existing technologies may increase the competitive pressures on the Company by enabling the Company's competitors to offer a lower-cost product.

Risks Associated with Brand Development

The Company believes that continuing to strengthen its brand is critical to achieving widespread acceptance of the Company, particularly in light of the competitive nature of the Company's market. Promoting and positioning its brand will depend largely on the success of the Company's marketing efforts and the ability of the Company to provide high quality services. In order to promote its brand, the Company will need to increase its marketing budget and otherwise increase its financial commitment to creating and maintaining brand loyalty among users. There can be no assurance that brand promotion activities will yield increased revenues or that any such revenues would offset the expenses incurred by the Company in building its brand. If the Company fails to promote and maintain its brand or incurs substantial expenses in an attempt to promote and maintain its brand or if the Company's existing or future strategic relationships fail to promote the Company's brand or increase brand awareness, the Company's business, results of operations and financial condition would be materially adversely affected.

Rapid Technological Change

The business of the Company is subject to rapid technological changes. Failure to keep up with such changes may adversely affect the business of the Company. The Company is subject to the risks of companies operating in the medical and healthcare business.

The market in which the Company competes is characterized by rapidly changing technology, evolving industry standards, frequent new service and product announcements, introductions and enhancements and changing customer demands. As a result, an investment in the stocks of the Company is highly

speculative and is only suitable for investors who recognize the high risks involved and can afford a total loss of investment.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services or products that the Company believes are strategic. The Company 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 Company 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 Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's 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 Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favourable to the Company, or at all, and such financing, if available, might be dilutive.

Risks Associated with International Operations

A component of the Company's strategy is to expand internationally. Expansion into the international markets will require management attention and resources. The Company has limited experience in localizing its service, and the Company believes that many of its competitors are also undertaking expansion into foreign markets. There can be no assurance that the Company will be successful in expanding into international markets. In addition to the uncertainty regarding the Company's ability to generate revenues from foreign operations and expand its international presence, there are certain risks inherent in doing business on an international basis, including, among others, regulatory requirements, legal uncertainty regarding liability, tariffs, and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, different accounting practices, problems in collecting accounts receivable, political instability, seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely affect the success of the Company's international operations. To the extent the Company expands its international operations and has additional portions of its international revenues denominated in foreign currencies, the Company could become subject to increased risks relating to foreign currency exchange rate fluctuations. There can be no assurance that one or more of the factors discussed above will not have a material adverse effect on the Company's future international operations and, consequently, on the Company's business, results of operations and financial condition.

Protection and Enforcement of Intellectual Property Rights

The Company regards the protection of its copyrights, service marks, trademarks, trade dress and trade secrets as critical to its future success and relies on a combination of copyright, trademark, service mark and trade secret laws and contractual restrictions to establish and protect its proprietary rights in products and services. The Company has entered into confidentiality and invention assignment agreements with its employees and contractors, and nondisclosure agreements with parties with which it conducts business in order to limit access to and disclosure of its proprietary information. There can be no assurance that these contractual arrangements or the other steps taken by the Company to protect its intellectual property will prove sufficient to prevent misappropriation of the Company's technology or to deter independent third-party development of similar technologies.

To date, the Company has not been notified that its technologies infringe the proprietary rights of third parties, but there can be no assurance that third parties will not claim infringement by the Company with respect to past, current or future technologies. The Company expects that participants in its markets will be increasingly subject to infringement claims as the number of services and competitors in the Company's industry segment grows. Any such claim, whether meritorious or not, could be time-consuming, result in costly litigation, cause service upgrade delays or require the Company to enter into royalty or licensing agreements. Such royalty or licensing agreements might not be available on terms

acceptable to the Company or at all. As a result, any such claim could have a material adverse effect upon the Company's business, results of operations and financial condition.

Economic Environment

The Company'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 Company's future sales and profitability.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company'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 Company'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 Company 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 Company be unable to continue as a going concern.

Financial Risk Exposures

The Company may have financial risk exposure to varying degrees relating to the currency of each of the countries where it operates and has financial risk exposure towards digital currencies. The level of the financial risk exposure related to a currency and exchange rate fluctuations will depend on the Company's ability to hedge such risk or use another protection mechanism.

Reliance on Yost Research Group at the University of Florida

If the third parties which the Company relies on do not properly and successfully carry out their obligations to the Company, it may not be able to develop, obtain regulatory approval for, or commercialize its product candidates.

Attracting and keeping senior management and key scientific personnel

The success of the Company depends on the continued ability to attract, retain, and motivate highly qualified management, clinical, and scientific personnel and to develop and maintain important relationships with leading academic institutions, companies, and thought leaders.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this MD&A that are not based on historical facts constitute forward-looking information, as defined in securities laws. Forward-looking information is not a promise or guarantee of future performance but is only a prediction that relates to future events, conditions or circumstances or the Company's future results, performance, achievements or developments and is subject to substantial known and unknown risks, assumptions, uncertainties and other factors that could cause the Company's actual results, performance, achievements or developments in its business or industry to differ materially from those expressed, anticipated or implied by such forward-looking information. Forward-looking statements in this MD&A include all disclosure regarding possible events, conditions, circumstances or results of operations that are based on assumptions about future economic conditions, courses of action and other future events. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. These forward-looking statements appear in a number of different places in this MD&A and can be identified by words such as "may", "estimates", "projects", "expects", "intends", "believes", "plans", "anticipates", "continue", "growing", "expanding", or their negatives or other comparable words. Forward-looking statements include statements regarding the outlook for the Company's future operations, plans and timing for the introduction or enhancement of its services and products, statements concerning strategies or developments, statements about future market conditions, supply conditions, end customer demand conditions, channel inventory and sell through, revenue, gross margin, operating expenses, profits, forecasts of future costs and expenditures, and other expectations, intentions and plans that are not historical fact. The forward looking statements in this MD&A are based on certain factors and assumptions regarding expected growth, results of operations, performance and business prospects and opportunities. Specifically, management has assumed that the Company's performance will meet management's internal projections. While management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. The risk factors and uncertainties that may affect the Company's actual results, performance, achievements or developments are many and include the matters described in Appendix 1. Consequently, all forward-looking statements in this report are qualified by this cautionary statement and the Company cannot assure investors that actual results, performance, achievements or developments that the Company anticipates will be realized. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and the Company does not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

APPENDIX "C"

Breathtec Biomedical, Inc.

**Pro Forma Consolidated Financial Statements
August 31, 2015
(Unaudited)
(Expressed in Canadian dollars)**

Breathtec Biomedical, Inc.
Pro Forma Consolidated Statement of Financial Position
As At August 31, 2015
(Unaudited)
(Expressed in Canadian dollars)

	Breathtec Biomedical, Inc. ("Breathtec")	Breathtec Biomedical, Inc. ("TargetCo") Note 5	Pro forma adjustments	Note 2	Pro forma balance
Assets					
Current					
Cash and cash equivalents	\$ 162,355	\$ 1,399,835	\$ 1,775,350	e	\$ 2,942,890
			(120,028)	e	
			42,000	f	
			(316,622)	g	
Prepaid expenses and deposits	47,067	-	-		47,067
Other assets	-	1,371	-		1,371
	\$ 209,422	\$ 1,401,206	\$ 1,380,700		\$ 2,991,328
Liabilities					
Current					
Accounts payable and accrued liabilities	\$ 7,100	\$ 173,366	\$ -		\$ 180,466
Shareholders' Equity					
Share capital	256,001	1,529,745	1,196,726	e	3,802,416
			(120,028)	e	
			42,000	f	
			976,211	d	
			(78,239)	e	
Contributed surplus	-	-	578,624	e	1,928,395
			1,271,532	d	
			78,239	e	
Deficit	(53,679)	(425,767)	(316,622)	g	(3,043,811)
			425,767	d	
			(2,673,510)	d	
Accumulated other comprehensive income	-	123,862	-		123,862
	202,322	1,227,840	1,380,700		2,810,862
	\$ 209,422	\$ 1,401,206	\$ 1,380,700		\$ 2,991,328

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

Breathtec Biomedical, Inc.
Pro Forma Consolidated Statement of Operations
For the Period Ended August 31, 2015
(Unaudited)
(Expressed in Canadian dollars)

	Breathtec Biomedical, Inc. ("Breathtec")	Breathtec Biomedical, Inc. ("TargetCo") Note 6	Pro forma adjustments	Note 2	Pro forma balance
Expenses					
General and administrative	\$ 25,223	\$ 10,342	\$ -		\$ 35,565
Professional fees	28,456	310,579	-		339,035
Research and development	-	105,184	-		105,184
Net loss before other items	53,679	426,105	-		479,784
Other items:					
Interest and other income	-	(338)	-		(338)
Share listing expense	-	-	2,673,510	d	2,990,132
			316,622	g	
Net loss for the period	\$ 53,679	\$ 425,767	\$ 2,990,132		\$ 3,469,578
Other comprehensive income for the period	-	(123,862)	-		(123,862)
Total comprehensive loss for the period	\$ 53,679	\$ 301,905	\$ 2,990,132		\$ 3,345,716
Basic and diluted loss per share					\$ 0.09
Weighted average number of outstanding shares					38,082,698

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

Breathtec Biomedical, Inc.
Notes to Pro Forma Consolidated Financial Statements
August 31, 2015
(Unaudited)
(Expressed in Canadian dollars)

1. Basis of Presentation and Summary of Proposed Merger

Breathtec Biomedical, Inc. ("Breathtec") was incorporated on April 10, 2015 under the British Columbia Business Corporations Act as "PBA Acquisitions Corp.". On July 23, 2015 it changed its name to "Breathtec Biomedical, Inc.". The head office (and registered office) of Breathtec is located at Suite 1500 – 1055 W Georgia Street, Vancouver, British Columbia, V6E 4N7.

Breathtec was incorporated as a wholly-owned subsidiary of Petro Basin Energy Corp. ("Breathtec Parent"). On June 25, 2015, Breathtec entered into a plan of arrangement (the "Arrangement Agreement") with Breathtec Parent pursuant to which, Breathtec Parent spun out Breathtec to its shareholders. The plan of arrangement was completed on September 23, 2015. As a result, Breathtec became a reporting issuer in the Provinces of British Columbia, Ontario and Alberta.

On September 11, 2015 Breathtec incorporated under the Florida Business Corporations Act ("FBCA"), a wholly-owned subsidiary named Breathtec Merger Sub, Inc. ("MergerCo").

Breathtec Biomedical, Inc. ("TargetCo") was incorporated under the FBCA on January 22, 2015. The head office (and registered office) of TargetCo is located at 525 Okeechobee Blvd. Suite 1600, West Palm Beach, Florida 33401. An additional office is located in Delta, British Columbia.

On October 26, 2015, Breathtec Parent, Breathtec, TargetCo and MergerCo, completed an agreement (the "Merger Agreement") structured as a reverse-takeover, specifically, as a triangular merger under the FBCA among Breathtec, MergerCo, and TargetCo (the "Merger"). Pursuant to the Merger, MergerCo was merged with and into TargetCo, with TargetCo as the surviving corporation. Breathtec Biomedical, Inc. (the "Resulting Issuer") acquired a 100% interest in TargetCo pursuant to and on the terms and subject to the conditions set out in the Merger Agreement resulting in TargetCo becoming a 100% owned Florida operating subsidiary of the Resulting Issuer.

The accompanying unaudited pro forma consolidated financial statements have been prepared by the management of TargetCo for inclusion in Breathtec's preliminary prospectus (the "Prospectus") dated November 23, 2015. The pro forma consolidated financial statements are for illustrative purposes only.

The unaudited pro forma consolidated financial statements have been prepared in accordance with Breathtec's and TargetCo's accounting policies, as disclosed in Breathtec's audited financial statements for the period ended August 31, 2015 and TargetCo's audited financial statements for the period ended August 31, 2015. There are no material differences in accounting policies between Breathtec and TargetCo. These unaudited pro forma consolidated financial statements have been compiled from the information derived from and should be read in conjunction with the following financial statements, which are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, and included elsewhere in the Prospectus:

- a) Breathtec's audited consolidated financial statements as at August 31, 2015 and for the period then ended; and
- b) TargetCo's audited consolidated financial statements as at August 31, 2015 and for the period then ended.

It is management's opinion that these unaudited pro forma consolidated financial statements include all adjustments necessary for the fair presentation of the Merger as described in note 2. The unaudited pro forma consolidated financial statements are not intended to reflect the financial performance or the financial position of Breathtec, which would have actually resulted had the Merger been effected on the dates indicated. Furthermore, the unaudited pro forma financial information is not necessarily indicative of the results of operations that may be obtained in the future. Actual amounts recorded upon consummation of the Merger will differ from those recorded in the unaudited pro forma consolidated financial statements and the differences may be material.

Breathtec Biomedical, Inc.
Notes to Pro Forma Consolidated Financial Statements
August 31, 2015
(Unaudited)
(Expressed in Canadian dollars)

2. Pro Forma Assumptions and Adjustments

The pro forma consolidated financial statements were prepared based on the following assumptions:

- a) The unaudited pro forma consolidated statement of financial position gives effect to the Merger as if it had occurred on August 31, 2015. The unaudited pro forma consolidated statements of operations give effect to the Merger as if it occurred on January 22, 2015.
- b) Breathtec, MergerCo, and TargetCo will merge to form the Resulting Issuer. The legal existence of MergerCo will cease however, the legal existence of Breathtec and TargetCo will not cease and will survive the merger wherein TargetCo will be a 100% owned operating subsidiary of the Resulting Issuer post-Merger.
- c) Upon the completion of the Merger, each holder of Breathtec's common shares will receive, for each common share held, one common share of the Resulting Issuer; each holder of TargetCo common shares will receive, for each common share held, one common share of the Resulting Issuer; and each holder of Breathtec Parent common share will receive, for each common share held, one common share of the Resulting Issuer.

The Merger's accounting has been assessed in accordance with IFRS 3 *Business Combinations*, and determined that TargetCo is deemed to be the accounting acquirer. The merger of Breathtec, MergerCo and TargetCo do not fulfill the requirements to be accounted for as a business combination; therefore, the Merger will be accounted for as an asset acquisition with Breathtec as the continuing entity.

d) Merger with TargetCo		
Estimated common share fair value	\$	2,629,818
Estimated replacement warrants fair value		1,271,532
Total consideration	\$	3,901,350

Identifiable fair value of net assets of TargetCo acquired:

Cash	\$	1,399,835
Other assets		1,371
Accounts payable		(173,366)
		\$1,227,840

Excess of consideration over net assets acquired	\$	2,673,510
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The fair value of the TargetCo shares was estimated to be \$2,629,818 based on an estimated fair value of approximately \$0.17 per share as at August 31, 2015 based on the recently completed private placement of Breathtec which was completed in anticipation of the Merger (note 2(e)). The fair value of the consideration is \$2,673,510 greater than the fair value of the net assets acquired and has been recorded as a transaction cost.

Upon closing of the Merger, Breathtec will issue 7,802,700 share purchase warrants to the shareholders of TargetCo with each warrant exercisable at \$0.40 until October 14, 2017. A fair value of \$1,271,532 was included in total consideration and was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	0.52%
Expected warrant life	2 years
Expected stock price volatility	100%
Expected dividend yield	-

Breathtec Biomedical, Inc.
Notes to Pro Forma Consolidated Financial Statements
August 31, 2015
(Unaudited)
(Expressed in Canadian dollars)

- e) Concurrent to the Merger, Breathtec will complete a private placement of 7,101,400 units at a price of \$0.25 per unit for gross proceeds of \$1,775,350. Each unit consists of one common share and one half of one share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.40 until October 14, 2017. The proceeds of the offering have been bifurcated using the residual value method resulting in \$1,196,726 recorded as share capital and \$578,624 representing the fair value of the warrants recorded as reserves.

Aggregate finder's fees of \$120,028 in cash and 480,112 share purchase warrants will be paid in connection with the private placement upon completion of the transaction. Each finder's warrant entitles the holder thereof to purchase one common share at a price of \$0.25 until October 14, 2017. The fair value of the finder's warrants is valued at \$78,239. The fair value of the finder's warrants is valued using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.52%; dividend yield of nil%; volatility of 100%; and an expected life of two years.

- f) Pursuant to the Arrangement Agreement which completed on September 23, 2015, Breathtec issued 2,575,898 common shares to Breathtec Parent for proceeds of \$42,000, which shares were distributed to shareholders of Breathtec Parent. Upon closing of the Merger, the Resulting Issuer will issue 2,575,898 to shareholders of Breathtec Parent.
- g) The Company is expected to incur approximately \$316,622 in transaction costs which have been expensed as part of the Merger.

3. Share Capital

Share capital as at August 31, 2015 in the unaudited pro forma consolidated financial statements is comprised of the following:

	Number of shares	Share capital
Authorized:		
Unlimited common shares without par value		
Issued:		
Share capital of Breathtec as at August 31, 2015	12,800,000 ⁽¹⁾	\$ 256,001
Adjustments to record the transactions:		
Shares issued to TargetCo shareholders (Note 2(d))	15,605,400	2,505,956
Shares issued pursuant to Concurrent Financing (Note 2(e))	7,101,400	1,196,726
Share issuance costs – finder's fees (Note 2(e))	-	(120,028)
Share issuance costs – finder's warrants (Note 2(e))	-	(78,239)
Shares issued to Breathtec Parent shareholders pursuant to the Arrangement Agreement (Note 2(f))	2,575,898	42,000
	38,082,698	\$ 3,802,416

⁽¹⁾ This figure excludes the 100 Breathtec shares issued on incorporation which were subsequently cancelled.

4. Pro Forma Effective Income Tax Rate

The pro-forma effective income tax rate that will be applicable to the operations of the Company is 26%.

Breathtec Biomedical, Inc.
Notes to Pro Forma Consolidated Financial Statements
August 31, 2015
(Unaudited)
(Expressed in Canadian dollars)

5. Breathtec Biomedical, Inc. (“TargetCo”) – USD translation to CAD

Translation from US dollars to Canadian dollars for TargetCo's Pro Forma Consolidated Statement of Financial Position as at August 31, 2015 is as follows:

	“TargetCo” USD	“TargetCo” CAD ⁽¹⁾
Assets		
Current		
Cash and cash equivalents	\$ 1,063,947	\$ 1,399,835
Other assets	1,101	1,371
	\$ 1,065,048	\$ 1,401,206
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 131,767	\$ 173,366
Shareholders' Equity		
Share capital	1,271,080	1,529,745
Deficit	(337,799)	(425,767)
Accumulated other comprehensive income	-	123,862
	933,281	1,227,840
	\$ 1,065,048	\$ 1,401,206

⁽¹⁾ Currency conversion based on an exchange rate of US \$1.00 equals \$1.3157.

Translation from US dollars to Canadian dollars for TargetCo's Pro Forma Consolidated Statement of Operations for the period ended August 31, 2015 is as follows:

	“TargetCo” USD	“TargetCo” CAD ⁽¹⁾
Expenses		
General and administrative	\$ 8,101	\$ 10,342
Professional fees	246,080	310,579
Research and development	83,883	105,184
Net loss before other items	338,064	426,105
Other items:		
Interest and other income	(265)	(338)
Net loss for the period	\$ 337,799	\$ 425,767
Other comprehensive income for the period	-	123,862
Total comprehensive loss for the period	\$ 337,799	\$ 301,905
Basic and diluted loss per share	\$ 0.03	\$ 0.04
Weighted average number of outstanding shares	10,499,471	10,499,471

⁽¹⁾ Currency conversion based on an exchange rate of US \$1.00 equals \$1.2782.

APPENDIX "D"

AGREEMENT AND PLAN OF MERGER

AMONG

**PETRO BASIN ENERGY CORP.
A BRITISH COLUMBIA CORPORATION**

and

**BREATHTEC BIOMEDICAL, INC.
A BRITISH COLUMBIA CORPORATION**

and

**BREATHTEC MERGER CO, INC.
A FLORIDA CORPORATION**

and

**BREATHTEC BIOMEDICAL, INC.
A FLORIDA CORPORATION**

and

**THE SHAREHOLDER OF
BREATHTEC MERGER CO, INC.
A FLORIDA CORPORATION**

September 11, 2015

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SCHEDULE "B" – INTELLECTUAL PROPERTY

SCHEDULE "C" – FORM OF VOLUNTARY POOLING AGREEMENT

THIS AGREEMENT AND PLAN OF MERGER is made as of September 11 2015.

AMONG:

PETRO BASIN ENERGY CORP., a company incorporated under the laws of the Province of British Ontario, Canada, and having its registered and records office at Suite 1100-888 Dunsmuir Street, Vancouver, British Columbia, Canada V6C 3K4

(“**Parent Co**”)

OF THE FIRST PART

AND:

BREATHTEC BIOMEDICAL, INC., a company incorporated under the laws of the Province of British Columbia, Canada, and having its registered and records office at 1500-1055 West Georgia Street Vancouver, British Columbia, Canada V6E 4N7

(“**BC Co**”)

OF THE SECOND PART

AND:

FLORIDA MERGER CO, INC., a corporation incorporated under the laws of the State of Florida, USA, and having its registered and records office at 1500-1055 West Georgia Street Vancouver, British Columbia, Canada V6E 4N7

(“**Merger Co**”)

OF THE THIRD PART

AND:

BREATHTEC BIOMEDICAL, INC., a corporation incorporated under the laws of the State of Florida, USA, and having its registered and records office at 10589 Ladner Trunk Rd., Delta BC, Canada V4G 1K2

(“**Company**”)

OF THE FOURTH PART

AND:

THE UNDERSIGNED SHAREHOLDER OF MERGER CO

OF THE FIFTH PART

RECITALS

WHEREAS:

- (A) Parent Co is a “reporting issuer” (as that term is defined by Applicable Securities Law) in the Provinces of British Columbia, Ontario and Alberta;
- (B) BC Co was created as a wholly-owned direct subsidiary of Parent Co;
- (C) Merger Co is a wholly-owned direct subsidiary of BC Co;
- (D) Parent Co and BC Co were parties to an arrangement agreement dated as of June 25, 2015 (the “**Canadian Arrangement Agreement**”);
- (E) Pursuant to the terms of the Canadian Arrangement Agreement, Parent Co has caused BC Co to be spun out to its shareholders in advance of the completion of the Merger (as such term is defined below) in reliance on the prospectus and registration exemptions set forth in section 2.11 of National Instrument 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators (“**NI 45-106**”), and as a result thereof BC Co became a reporting issuer in the Provinces of British Columbia, Ontario and Alberta;
- (F) It is anticipated that the merger transaction contemplated herein will be structured as a ‘reverse-takeover,’ specifically, as a reverse triangular merger under the *Florida Business Corporations Act* (“**FBCA**”), among BC Co, Merger Co and the Company pursuant to which Merger Co will be merged with and into the Company, with the Company as the surviving corporation on terms more particularly set forth herein (the “**Merger**”); and
- (G) The board of directors of each of Parent Co, BC Co, the Company and Merger Co have unanimously determined that the Merger is in the best interest of their respective shareholders, and have resolved to support the Merger and to enter into this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties covenant and agree as follows:

PART 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

For the purposes of this Agreement, except as otherwise expressly provided herein, the following words and phrases will have the following meanings:

- (a) “**Acquisition**” means the reverse-takeover of the Company by BC Co effected through the Merger;
- (b) “**Affiliate**” has the meaning specified in the BCBCA;
- (c) “**Agreement**” means this Agreement and Plan of Merger and the Schedules attached hereto;
- (d) “**Agreement Date**” means the date of this Agreement;
- (e) “**Applicable Securities Law**” means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time;
- (f) “**Applicable Florida State Law**” means the FBCA (defined below);
- (g) “**Articles of Incorporation**” means the articles of incorporation of the Company filed with the Secretary of State of the State of Florida on January 22, 2015, as amended.
- (h) “**Articles of Merger**” means the article of merger to be filed with the Secretary of State of the State of Florida pursuant to Section 607.1105 of the FBCA;
- (i) “**Assets**” means the property and assets of the Company, of every kind and description and wheresoever situated;
- (j) “**BCBCA**” means the *Business Corporations Act* (British Columbia);
- (k) “**BC Co**” has the meaning given to the term in the introduction above;
- (l) “**BC Co Assets**” means the property and assets of BC Co, of every kind and description and wheresoever situated;
- (m) “**BC Co Common Shares**” means the Class A common shares in the capital of BC Co;
- (n) “**BC Co Shareholder Consent Materials**” means the resolutions circulated to BC Co Shareholders for unanimous approval, or alternatively such materials approved at a meeting of BC Co Shareholders held in accordance the requirements of the BCBCA should unanimous approval not be obtained, with respect to:
 - (i) the appointment of auditors for BC Co following the Closing,

- (ii) the election of directors of BC Co following the Closing, and
- (iii) the adoption of the Stock Option Plan to be effective following the Closing;
- (o) “**BC Co Shareholders**” means the holders of BC Co Common Shares;
- (p) “**BC Co’s Closing Documents**” means the documents required to be delivered to the Company by BC Co pursuant to §9.3 hereof;
- (q) “**BC Co’s Financial Statements**” means the audited financial statements of BC Co for the period from incorporation until August 31, 2015, prepared in accordance with IFRS;
- (r) “**BC Co Warrants**” means the transferrable common share purchase warrants issuable pursuant to the Private Placement, with each whole warrant entitling the holder thereof to acquire one additional BC Co share (or Resulting Issuer Share, as applicable) at a price of CDN \$0.40 for a period of 24 months from the closing of the Private Placement;
- (s) “**Board of Directors**” means the board of directors of the Company;
- (t) “**Business Day**” means any day, other than a Saturday, Sunday or statutory holiday in the Province of British Columbia, Canada or the State of Florida, USA;
- (u) “**Bylaws**” means the bylaws of the Company adopted on April 15, 2015.
- (v) “**Canadian Arrangement Agreement**” has the meaning given to the term in Recital (D) above;
- (w) “**Certificate of Merger**” means the certificate of merger issued under the FBCA in connection with the completion of the Merger;
- (x) “**Closing**” means the completion of the transactions contemplated herein;
- (y) “**Closing Date**” means the Business Day on which all conditions set forth in Part 9 (other than those conditions that by their nature are to be satisfied or waived at the Closing, but subject to the satisfaction or waiver of those conditions) are satisfied or waived or such other Business Day as the Parties may agree to in writing;
- (z) “**Code**” means the United States Internal Revenue Code of 1986, as amended;
- (aa) “**Company**” has the meaning given to the term in the introduction above;
- (bb) “**Company’s Financial Statements**” means the audited financial statements of the Company for the period from its date of incorporation to August 31, 2015, prepared in accordance with IFRS;

(cc) “**Company Approval**” means the approval of the Merger, and such other ancillary matters related thereto, by the requisite number of Company Shareholders in accordance with Applicable Florida State Law;

(dd) “**Company’s Intellectual Property**” means the Intellectual Property owned, used by or licensed to the Company for the carrying on of the Company’s business in the manner heretofore carried on or as now proposed to be carried on in the Company’s written business documents;

(ee) “**Company Shares**” means the shares of common stock of the Company;

(ff) “**Company Shareholders**” means holders of the Company Shares;

(gg) “**Company Shareholders Consent Action**” has the meaning set forth in §2.4(a);

(hh) “**Contract**” means, with respect to a Person, any contract, instrument, permit, concession, licence, loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, partnership or joint venture agreement or other legally binding agreement, arrangement or understanding, whether written or oral, to which the Person is a party or by which, to the knowledge of such Person, the Person or its property and assets is bound or affected;

(ii) “**Confidential Information**” means any information concerning the Company or BC Co (the “**Disclosing Party**”) or its business, properties and assets made available to the other party or its representatives (the “**Receiving Party**”); provided that it does not include information that (i) is generally available to or known by the public other than as a result of improper disclosure by the Receiving Party or pursuant to a breach of §11.1 by the Receiving Party, or (ii) is obtained by the Receiving Party from a source other than the Disclosing Party, provided that (to the reasonable knowledge of the Receiving Party) such source was not bound by a duty of confidentiality to the Disclosing Party or another party with respect to such information;

(jj) “**CSE**” means the Canadian Securities Exchange, operated by the CNSX Markets Inc.;

(kk) “**Disclosure Documents**” means (i) the Listing Statement and (ii) the Prospectus;

(ll) “**Effective Date**” means the effective date of the Merger, which shall be the date of filing of the Articles of Merger with the Secretary of State of the State of Florida;

(mm) “**Employee**” means an officer or employee of the Company or a Person providing services in the nature of an employee to the Company;

(nn) “**Existing Company Shareholders**” means the shareholders of the Company as of the Closing Date, which will include the shareholders of the Company as of the date of this Agreement as listed on Schedule A hereto.

(oo) “**FBCA**” has the meaning given to the term in Recital (F).

(pp) “**Final Prospectus**” means the (final) non-offering prospectus of BC Co, prepared in accordance with NI 41-101, relating to the Acquisition and filed with the Principal Regulator solely for the purpose of complying with Notice 2015-003 Regulatory Guidance on Plans of Arrangement and Capital Structure, published by the CSE;

(qq) “**Final Receipt**” means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Final Prospectus in British Columbia;

(rr) “**Finder Warrants**” means up to 640,000 non-transferrable common share purchase warrants of BC Co issued to eligible finders in connection with the Private Placement, with each Finder Warrant entitling the holder thereof to acquire one BC Co Common Share (or Resulting Issuer Share, as applicable) at a price of CDN \$0.25 per share for a period of 24 months from the closing of the Private Placement.

(ss) “**First Release Date**” means the date that is twelve months after the Effective Date;

(tt) “**Government Agency**” means and includes, without limitation, any national, federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing, including the CSE;

(uu) “**Government Official**” means (a) any official, officer, employee, or representative of, or any person acting in an official capacity for or on behalf of, any Government Agency or (b) any company, business, enterprise or other entity owned or controlled by any person described in the foregoing clauses;

(vv) “**IFRS**” means International Financial Reporting Standards;

(ww) “**Intellectual Property**” means registered and unregistered trade-marks and trade-mark applications, trade names, certification marks, distinguishing guises, patents and patent applications, registered and unregistered works subject to copyright, know-how, formulae, processes, inventions, technical expertise, research data, trade secrets, industrial designs and industrial design applications, customer lists and other similar property, and all registrations and applications for registration thereof, each of the foregoing as defined under the applicable Laws;

(xx) “**Laws**” means all laws, statutes, bylaws, rules, regulations, orders, decrees, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any Government Agency applicable to the Company or BC Co;

(yy) “**Lien**” means any mortgage, encumbrance, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or

any other arrangement or condition, which, in substance, secures payment, or performance of an obligation;

(zz) “**Listing Statement**” means the listing statement of BC Co pertaining to the Acquisition and in the form prescribed by the CSE;

(aaa) “**Materially Adverse**” when used in respect of a fact, circumstance, change, effect, occurrence, event or term means a fact, circumstance, change, effect, occurrence, event or term that (a) materially and adversely affects, or would reasonably be expected to materially and adversely affect, the business, assets, liabilities, condition (financial or otherwise) or capital of the Company or BC Co, as the case may be, or (b) prevents, or would reasonably be expected to prevent, the Company or BC Co, as the case may be, from performing its obligations under this Agreement or consummating the transactions contemplated herein; provided, however, that it will not include: (i) any fact, circumstance, event, change, effect, occurrence, event or term relating to the global economy or securities markets in general; or (ii) any fact, circumstance, event, change, effect, occurrence or event affecting the industry in which the Company or BC Co operates in general and which, in each case, does not have a materially disproportionate effect on the Company or BC Co relative to comparable entities operating in the industry in which the Company or BC Co conducts its business;

(bbb) “**Material Adverse Change**” or “**Material Adverse Effect**” with respect to BC Co or the Company, as the case may be, means any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is Materially Adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of BC Co or the Company, as the case may be, on a consolidated basis;

(ccc) “**Merger**” has the meaning given to the term in Recital (F);

(ddd) “**Merging Companies**” means the Company and Merger Co;

(eee) “**Merger Co**” has the meaning given to the term in the introduction above;

(fff) “**Merger Co Shares**” means all of the outstanding shares of common stock of Merger Co;

(ggg) “**NI 41-101**” means National Instrument 41-101 – *General Prospectus Requirements*, of the Canadian Securities Administrators;

(hhh) “**NI 45-106**” has the meaning given to the term in Recital (E);

(iii) “**Parent Co**” has the meaning given to the term in the introduction above;

(jjj) “**Party**” means each of Parent Co, BC Co, Merger Co and the Company, as the context dictates and “**Parties**” means Parent Co, BC Co, Merger Co and the Company;

(kkk) “**Person**” includes an individual, corporation, partnership, joint venture, trust, unincorporated organization or Government Agency;

(lll) “**Preliminary Prospectus**” means the (preliminary) non-offering prospectus of BC Co, prepared in accordance with NI 41-101, relating to the Acquisition and filed with the Principal Regulator solely for the purpose of complying with Notice 2015-003 Regulatory Guidance on Plans of Arrangement and Capital Structure, published by the CSE;

(mmm) “**Preliminary Receipt**” means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Preliminary Prospectus in British Columbia;

(nnn) “**Principal Regulator**” means the British Columbia Securities Commission;

(ooo) “**Prospectus**” means, collectively, the Preliminary Prospectus and the Final Prospectus (including any Supplementary Material thereto);

(ppp) “**Private Placement**” means the non-brokered private placement of a minimum of 6,000,000 and up to 8,000,000 units of BC Co at a price of \$0.25 per unit for gross proceeds of up to \$2,000,000 to be completed in connection with the Acquisition and on or prior to the Effective Date. Each unit consists of one BC Co Common Share and one half of one BC Co Warrant.

(qqq) “**Private Placement Shareholders**” means the holders of BC Co Common Shares that acquired their BC Co Common Shares pursuant to the Private Placement;

(rrr) “**Regulation D**” means Regulation D promulgated under the U.S. Securities Act;

(sss) “**Regulation S**” means Regulation S promulgated under the U.S. Securities Act;

(ttt) “**Resulting Issuer**” has the meaning given to the term in §2.77 hereof;

(uuu) “**Resulting Issuer Common Shares**” means the Class A common shares in the capital of the Resulting Issuer;

(vvv) “**Resulting Issuer Warrants**” means the transferrable common share purchase warrants issuable pursuant to this Agreement, with each whole warrant entitling the holder thereof to acquire one additional Resulting Issuer Common Share at a price of CDN \$0.40 for a period of 24 months from the Effective Date;

(www) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;

(xxx) “**Shareholders’ Agreement**” means the shareholders agreement dated May 15, 2015 by and among the Company and its shareholders;

(yyy) “**Supplementary Material**” means, collectively, any amendment to the Preliminary Prospectus or the Final Prospectus, and any amendment or supplemental prospectus or ancillary materials that may be filed by or on behalf of BC Co under Applicable Securities Law relating to the Acquisition, the Listing and/or the Private Placement;

(zzz) “**Stock Option Plan**” means the stock option incentive plan to be adopted by BC Co, pursuant to the BC Co Shareholder Consent Materials;

(aaaa) “**Surviving Co**” means the Company, which shall be the surviving corporation of the Merger of Merger Co with and into the Company pursuant to the Merger;

(bbbb) “**Taxes**” means all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers’ compensation payments, property taxes and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto;

(cccc) “**Tax Returns**” means any return, declaration, report, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof;

(dddd) “**Termination Date**” has the meaning given to the term in §10.1;

(eeee) “**Treasury Regulations**” means the regulations promulgated under the Code, as may be amended from time to time;

(ffff) “**U.S. Person**” means a “U.S. person” as such term is defined in Rule 902 of Regulation S;

(gggg) “**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder; and

(hhhh) “**USA**”, “**United States**”, or “**U.S.**” means the United States of America, its territories and possessions, and any state of the United States, and the District of Columbia.

(iiii) “**Voluntary Common Share Pooling Agreement**” means the voluntary common share pooling agreement among BC Co and the Company Shareholders identified as such on Schedule A hereto substantially in the form attached as Schedule C hereto;

1.2 Interpretation

For the purposes of this Agreement, except as otherwise expressly provided herein:

- (a) the words “**herein**”, “**hereof**”, and “**hereunder**” and other words of similar import refer to this Agreement as a whole and not to any particular Part, clause, subclause or other subdivision or Schedule;
- (b) a reference to a Part means a Part of this Agreement and the symbol § followed by a number or some combination of numbers and letters refers to the section, paragraph or subparagraph of this Agreement so designated;
- (c) the headings are for convenience only, do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;
- (d) the word “**including**”, when following a general statement, term or matter, is not to be construed as limiting such general statement, term or matter to the specific items or matters set forth or to similar items or matters (whether or not qualified by non-limiting language such as “without limitation” or “but not limited to” or words of similar import) but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its possible scope;
- (e) where the phrase “**to the knowledge of**” or phrases of similar import are used in respect of the Parties, it will be a requirement that the Party in respect of who the phrase is used will have made such due inquiries as is reasonably necessary to enable such Party to make the statement or disclosure; and
- (f) unless there is something in the subject matter or context inconsistent therewith:
 - (i) words in the singular number include the plural and such words shall be construed as if the plural had been used;
 - (ii) words in the plural include the singular and such words shall be construed as if the singular had been used; and
 - (iii) words importing the use of any gender shall include all genders where the context or the Party referred to so requires, and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes had been made.

PART 2 TRANSACTION

2.1 Agreement to Merge.

Upon the terms and subject to the conditions contained in this Agreement, the Parties hereby agree that Merger Co shall merge with and into the Company at Closing and the Company shall survive the merger and shall be Surviving Co. BC Co shall, in its capacity as the sole shareholder of Merger Co, approve the Merger as soon as reasonably practicable with the intent that the same shall be completed on or before October 30, 2015.

2.2 Disclosure Documents.

(i) Promptly after the execution of this Agreement, the Company and BC Co jointly shall prepare and complete the Listing Statement together with any other documents required by the BCBCA, Applicable Securities Law and other applicable Laws and the rules and policies of the CSE in connection with the Acquisition, and BC Co shall, as promptly as reasonably practicable after obtaining the approval of the CSE as to the final Listing Statement file such final Listing Statement on SEDAR.

(ii) Promptly after the execution of this Agreement and in accordance with §2.3, the Company and BC Co jointly shall prepare and complete the Preliminary Prospectus together with any other documents required by the BCBCA, Applicable Securities Law and other applicable Laws and the rules and policies of the CSE in connection with the Acquisition, and BC Co shall, as promptly as reasonably practicable after obtaining the Preliminary Receipt from the Principal Regulator file the Preliminary Prospectus on SEDAR.

(iii) Promptly after the execution of this Agreement and in accordance with §2.3, the Company and BC Co jointly shall prepare and complete the Final Prospectus together with any other documents required by the BCBCA, Applicable Securities Law and other applicable Laws and the rules and policies of the CSE in connection with the Acquisition, and BC Co shall, as promptly as reasonably practicable after obtaining the Final Receipt from the Principal Regulator file the Final Prospectus on SEDAR.

(iv) BC Co represents and warrants that the Disclosure Documents will comply in all material respects with all applicable Laws (including Applicable Securities Law), and, without limiting the generality of the foregoing, that the Disclosure Documents shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that BC Co shall not be responsible for the accuracy of any information relating to the Company or the Resulting Issuer that is furnished in writing by the Company for inclusion in the Disclosure Documents).

(v) The Company represents and warrants that any information or disclosure relating to the Company or the Resulting Issuer that is furnished in writing by the Company for inclusion in the Disclosure Documents will comply in all material respects with all applicable Laws (including U.S. Applicable Securities Law), and, without limiting the generality of the foregoing, that the Disclosure Documents shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that the Company shall not be responsible for the accuracy of any information relating to BC Co or the Resulting Issuer that is furnished in writing by BC Co for inclusion in the Disclosure Documents).

(vi) The Company, BC Co and their respective legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Disclosure Documents and other documents related thereto, and reasonable consideration shall be given to any comments made by the Company, BC Co and their respective counsel, provided that all information relating solely to BC Co included in the Disclosure Documents shall be in form and content satisfactory to BC Co, acting reasonably, and all information relating solely to the Company included in the Disclosure Documents shall be in form and content satisfactory to the Company, acting reasonably.

(vii) BC Co and the Company shall promptly notify each other if at any time before the date of filing in respect of the Disclosure Documents, either party becomes aware that the Disclosure Documents contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Disclosure Documents and the Parties shall cooperate in the preparation of any amendment or supplement to such documents, as the case may be, as required or appropriate.

(viii) BC Co represents, warrants, covenants and agrees with the Company that:

(A) the BC Co Shareholder Consent Materials will comply with BC Co's constating documents and applicable Laws;

(B) except for non-substantive communications, BC Co will furnish promptly to the Company a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with: (i) the Merger; (ii) any filings under Applicable Securities Law; and (iii) any dealings with regulatory agencies in connection with the transactions contemplated herein; and

(C) BC Co will immediately notify the Company of any legal or governmental action, suit, judgment, investigation, injunction, complaint, action, suit, motion, judgment, regulatory investigation, regulatory

proceeding or similar proceeding by any Person, Government Agency or other regulatory body, whether actual or threatened, with respect to the Acquisition or which could otherwise delay or impede the transactions contemplated hereby.

2.3 **Pre-Merger Events.**

Upon the terms and subject to the conditions set forth in this Agreement, prior to the Effective Date, and in the following sequence of events:

- (i) BC Co shall seek and obtain approval for the BC Co Shareholder Consent Materials;
- (ii) Parent Co shall complete the spin-out of BC Co to its shareholders in reliance on the prospectus and registration exemptions set forth in section 2.11 of NI 45-106, and as a result thereof BC Co will be a reporting issuer in the Provinces of British Columbia, Ontario and Alberta;
- (iii) BC Co shall file the Preliminary Prospectus with the Principal Regulator;
- (iv) concurrent with filing the Preliminary Prospectus with the Principal Regulator, BC Co shall file the necessary documents with the CSE to receive CSE conditional approval for the listing of the Resulting Issuer on the CSE (the “**Listing**”) and BC Co shall provide a copy of such conditional approval to the Company promptly upon receipt of the same;
- (v) upon receiving the Preliminary Receipt from the Principal Regulator, BC Co shall promptly file the Preliminary Prospectus and the Preliminary Receipt on SEDAR;
- (vi) BC Co shall promptly file the Final Prospectus with the Principal Regulator;
- (vii) upon receiving the Final Receipt from the Principal Regulator, BC Co shall promptly file the Final Prospectus and the Final Receipt on SEDAR; and
- (viii) concurrent with filing the Final Prospectus with the Principal Regulator, BC Co shall file the necessary documents with the CSE to receive CSE final approval for the Listing and BC Co shall provide a copy of such final approval to the Company promptly upon receipt of the same.

2.4 **Approval of the Company Shareholders**

- (a) Promptly after the Agreement Date, the Company will take all action necessary in accordance with Applicable Florida State Law, including the FBCA, its Articles of Incorporation, Bylaws and Shareholders’ Agreement to distribute a consent action to the Majority Holders (as that term is defined in the Shareholders’ Agreement) to approve and adopt this Agreement and the Merger (the “**Company Shareholders’ Consent Action**”)/

(b) The Board of Directors will recommend that the Company Stockholders vote in favor of and approve and adopt this Agreement and approve the Merger.

(c) The Company will use its best reasonable efforts to take all other action necessary or advisable to secure the vote or consent of the Company Shareholders required by Applicable Florida State Law, its Articles of Incorporation, Bylaws and Shareholders' Agreement to obtain such approvals.

2.5 **Merger Events.**

Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Date:

(i) each Company Share issued and outstanding immediately prior to the Effective Date shall be exchanged by each holder thereof for one (1) fully paid and non-assessable Resulting Issuer Common Share and one half of one Resulting Issuer Warrant such that an aggregate of 15,605,400 Resulting Issuer Shares and 7,802,700 Resulting Issuer Warrants are issued pro rata to the Company Shareholders;

(ii) each Company Share exchanged for one (1) fully paid and non-assessable Resulting Issuer Common Share and one half of one Resulting Issuer Warrant in accordance with §2.5(i), shall be cancelled;

(iii) each Merger Co Share issued and outstanding immediately prior to the Effective Date shall be exchanged for one (1) share of common stock of Surviving Co; and

(iv) Surviving Co shall be a wholly-owned subsidiary of the Resulting Issuer.

2.6 **Share Certificates.**

On the Effective Date:

(i) the original stock certificate of Merger Co registered in the name of BC Co shall be cancelled and BC Co shall be issued a stock certificate for the same number of shares of Surviving Co common stock as provided in §2.5(iii);

(ii) certificates or other evidence representing the Company Shares shall cease to represent any claim upon or interest in the Company other than the right of the holder to receive, pursuant to the terms hereof, Resulting Issuer Common Shares and Resulting Issuer Warrants in accordance with §2.55; and

(iii) upon the delivery and surrender by the holder thereof to the Resulting Issuer of certificates representing Company Shares, which have been exchanged for Resulting Issuer Common Shares and Resulting Issuer Warrants in accordance

with the provisions of §2.55, the Resulting Issuer shall on the Effective Date, or as soon as practicable thereafter, following the date of receipt by the Resulting Issuer of the certificates referred to above, deliver to each such holder certificates representing the number of Resulting Issuer Common Shares and the number of Resulting Issuer Warrants to which such holder is entitled or other evidence of ownership.

2.7 **Resulting Issuer.**

Subject to the approval of the holders of BC Co Common Shares, BC Co, upon completion of the Merger is to be known as “Breathtec Biomedical, Inc.” (the “**Resulting Issuer**”), shall initially have a minimum of three (3) and a maximum of five (5) directors and the following shall be the directors and officers of the Resulting Issuer:

Directors

Kal Malhi;
Raj Attariwala;
Michael Sadhra; and
Mike Costanzo

Officers

<u>Name</u>	<u>Title</u>
Mike Costanzo	Chief Executive Officer
Michael Sadhra	Chief Financial Officer
Raj Attariwala	Chief Technology Officer
Kal Malhi	President and Secretary

2.8 **Merged Corporation.**

Unless otherwise determined in accordance with Applicable Florida State Law by Surviving Co or its shareholders, the following provisions will apply:

- (i) **Number of Directors.** The board of directors of Surviving Co shall consist of a minimum of three (3) directors and a maximum of five (5) directors.
- (ii) **Officers and Directors.** As of the Effective Date, the initial directors of Surviving Co shall be the same as the Resulting Issuer as set forth in §2.77. As of the Effective Date, the initial officers of Surviving Co and their titles shall be the same as the Resulting Issuer as set forth in §2.77.
- (iii) **Fiscal Year.** The fiscal year end of Surviving Co shall be August 31 in each year, unless and until changed by resolution of the board of directors of Surviving Co.

(iv) **Name.** The name of Surviving Co shall be “Breathtec Biomedical, Inc.” or such other name as agreed to by the Parties.

(v) **Registered Office.** The registered office of Surviving Co shall be the registered office of the Company.

(vi) **Authorized Capital.** The authorized capital of Surviving Co shall be the authorized capital of the Company as provided in its Articles of Incorporation with any amendments thereto as may be necessary to give effect to this Agreement.

(vii) **Articles of Incorporation and Bylaws.** The Articles of Incorporation and the Bylaws of Surviving Co shall be the Articles of Incorporation and Bylaws of the Company with any amendments thereto as may be necessary to give effect to this Agreement.

(viii) **Business and Powers.** Except as otherwise prohibited by applicable Laws, there shall be no restriction on the business that Surviving Co may carry on or on the powers that Surviving Co may exercise.

2.9 **Fractional Shares.**

No fractional Resulting Issuer Common Shares will be issued or delivered pursuant to the Merger. Any fractional share will be rounded down to the next lowest number and no consideration will be paid in lieu thereof. In calculating such fractional interests, all securities of the Resulting Issuer registered in the name of, or beneficially held, by a securityholder or their nominee shall be aggregated.

2.10 **Effect of Merger.**

At the Effective Date:

(i) Merger Co shall merge with and into the Company under the FBCA with the Company continuing as the surviving company subsequent to the Merger in accordance with the terms and conditions prescribed in this Agreement;

(ii) all of the property, assets, rights and privileges of Merger Co shall become the property, assets, rights and privileges of the Company, and all of the liabilities and obligations of Merger Co shall become the liabilities and obligations of the Company, which will thereafter be referred to as Surviving Co;

(iii) the Articles of Incorporation and the Bylaws of Surviving Co shall be the Articles of Incorporation and the Bylaws of the Company with any amendments thereto as may be necessary to give effect to this Agreement; and

(iv) the officers and directors of Surviving Co shall be those individuals described in §2.8(ii).

2.11 **Filing of Certificate of Merger.**

Following the approval of the shareholders of the Merger Co and the Company and subject to the satisfaction or waiver of all of the conditions precedent set forth herein, the Company and Merger Co shall file the Certificate of Merger and such other documents as required under the Applicable Florida State Law to effect the Merger.

PART 3 REPRESENTATIONS AND WARRANTIES OF BC CO

3.1 **Representations and Warranties of BC Co.**

As of the Agreement Date, BC Co represents and warrants to and in favour of the Company as follows, and acknowledges that the Company is relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

(a) *Organization, Standing, Corporate Power, Authority and Non-Contravention.*

(i) Each of BC Co and Merger Co is a corporation incorporated and validly existing under the laws of the jurisdiction of its incorporation. In each case, each such entity has all requisite corporate power and authority and is duly qualified and holds all material permits, licences, registrations, permits, qualifications, consents and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate the BC Co Assets, and neither BC Co nor, to the knowledge of BC Co, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of BC Co or Merger Co, and BC Co and Merger Co have all requisite corporate power and authority to enter into this Agreement and to carry out their obligations hereunder;

(ii) The authorized capital of BC Co consists of an unlimited number of BC Co Common Shares, of which 12,800,100 BC Co Common Shares are issued and outstanding as fully paid and non-assessable shares in the capital of BC Co;

(iii) Upon completion of the Private Placement and immediately prior to the Closing, it is anticipated that 22,477,398 BC Co Common Shares, 3,550,700 BC Co Warrants and 480,112 Finder Warrants will be issued and outstanding;

(iv) Other than Merger Co, BC Co has no direct or indirect subsidiaries nor any investment in any Person or any agreement, option or commitment to acquire any such investment. All of the issued and outstanding securities of Merger Co are held by BC Co;

(v) Prior to filing the Final Prospectus with the Principal Regulator, BC Co will be a “reporting issuer” as that term is defined under Applicable Securities Law

in the Provinces of British Columbia, Ontario and Alberta and will not be in default of the requirements of the Applicable Securities Law in such jurisdictions;

(vi) BC Co will file the Disclosure Documents along with all other forms, reports, documents and information required to be filed by it, whether pursuant to Applicable Securities Law or otherwise, with the applicable securities commissions and BC Co does not have any confidential filings with any securities authorities. As of the time the Disclosure Documents are filed with the applicable securities regulators and on SEDAR (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Disclosure Documents will comply in all material respects with the requirements of the Applicable Securities Law in the jurisdictions they were filed; and (ii) none of the Disclosure Documents will contain any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

(vii) BC Co has been conducting its business in compliance in all material respects with all applicable Laws and regulations of each jurisdiction in which it carries on business and has not received a notice of non-compliance, and, to the knowledge of BC Co, there are no facts that would give rise to a notice of noncompliance with any such laws and regulations;

(viii) No consent, approval, order or authorization of, or registration, declaration or filing with, any third party or governmental entity is required by or with respect to BC Co in connection with the execution and delivery of this Agreement by BC Co, the performance of its obligations hereunder or the consummation by BC Co of the transactions contemplated hereby other than: (i) the approval of the Listing Statement; (ii) the issuance of the Preliminary Receipt and the Final Receipt from the Principal Regulator; (iii) the approval of the BC Co Shareholder Consent Materials by the shareholders of BC Co; (iv) any other consent, approval, order, authorization, registration, declaration, or filing as contemplated by this Agreement; and (v) any other consents, notice, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on BC Co or prevent or materially impair BC Co's ability to perform its obligations hereunder;

(ix) Each of the execution and delivery of this Agreement, the performance by each of BC Co and Merger Co of its obligations hereunder and the consummation of the transactions contemplated in this Agreement, including the Merger and the issue of the Resulting Issuer Common Shares and Resulting Issuer Warrants upon the Merger, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both of: (i) any statute, rule or regulation applicable to BC Co or Merger Co, including Applicable Securities Law; (ii) the constating documents, articles/bylaws or resolutions of BC Co or Merger Co; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or

other document to which BC Co or Merger Co is a party or by which it is bound; or (iv) any judgment, decree or order binding BC Co or Merger Co or their respective assets;

(x) This Agreement has been duly authorized and executed by BC Co and Merger Co and constitutes a valid and binding obligation of each of them and shall be enforceable against each of them in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principals when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable Law;

(xi) Other than this Agreement and the Canadian Arrangement Agreement, BC Co is not currently party to any agreement in respect of: (i) the purchase of any property or assets or any interest therein or the sale, transfer or other disposition of any property or assets or any interest therein currently owned, directly or indirectly, by BC Co whether by asset sale, transfer of shares or otherwise; or (ii) the change of control of BC Co (whether by sale or transfer of shares or sale of all or substantially all of the BC Co Assets or otherwise);

(xii) BC Co is not in violation of its constating documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract to which it is a party or by which it or its property may be bound; and

(xiii) The corporate minute books of BC Co contain minutes of all material meetings and resolutions of the directors and shareholders held, and full access thereto has been provided to the Company and its counsel.

(b) *Financial Statements and Taxes.*

(i) BC Co's Financial Statements have, in each case, been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise as required by IFRS) of BC Co as at such dates and the results of its operations and its cash flows for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of BC Co in accordance with IFRS and there has been no change in accounting policies or practices of BC Co since August 31, 2015;

(ii) BC Co is a taxable Canadian corporation for Canadian Tax purposes and all Taxes due and payable or required to be collected or withheld and remitted, by BC Co and Merger Co have been paid, collected or withheld and remitted as applicable (except where failure to do so would not be Materially Adverse). All

Tax Returns, declarations, remittances and filings required to be filed by BC Co and Merger Co have been filed with all appropriate Government Agencies and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading (except for such Tax Returns and reports with respect to which the failure to timely file would not be Materially Adverse). BC Co has not received notice of any examination of any Tax Return of BC Co or Merger Co, and to the knowledge of BC Co, no such examination is currently in progress by any Government Agency and there are no issues or disputes outstanding with any Government Agency respecting any Taxes that have been paid, or may be payable, by BC Co or Merger Co. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to BC Co and Merger Co;

(iii) BC Co has established on its books and records reserves or otherwise made provisions that are adequate for the payment of all Taxes not yet due and payable and there are no liens for Taxes on the BC Co Assets and its subsidiary, and, to the knowledge of BC Co, there are no audits pending of the Tax Returns of BC Co or its subsidiary (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such Tax Returns;

(iv) BC Co (i) is not a “controlled foreign corporation” as defined in Code Section 957 for purposes of Code Section 1248, and (ii) has no permanent establishment (within the meaning of any applicable Tax treaty) or any office or fixed place of business in a country other than the country in which it is organized.

(v) BC Co’s auditors who audited BC Co’s Financial Statements (as applicable) are independent public accountants; and

(vi) No holder of outstanding BC Co Common Shares is entitled to any preemptive or any similar rights to subscribe for any BC Co Common Shares or other securities of BC Co, and except as contemplated by this Agreement and the Canadian Arrangement Agreement, no rights to acquire, or instruments convertible into or exchangeable for, any securities in the capital of BC Co or Merger Co are outstanding.

(c) *Undisclosed Liabilities.*

(i) Other than as disclosed in BC Co’s Financial Statements, BC Co does not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, that individually or in the aggregate, are Materially Adverse; and

(ii) No third party has any ownership right, title, interest in, claim in, lien against or any other right to the BC Co Assets purported to be owned by BC Co.

(d) *Litigation.* To the knowledge of BC Co, no legal or governmental actions, suits, judgments, investigations or proceedings are pending to which BC Co or Merger Co, or

to the knowledge of BC Co, the directors, officers or employees of BC Co or Merger Co are a party or to which the BC Co Assets are subject and, to the knowledge of BC Co, no such proceedings have been threatened against or are pending with respect to BC Co or Merger Co, or with respect to the BC Co Assets and neither BC Co nor Merger Co is subject to any judgment, order, writ, injunction, decree or award of any Government Agency.

(e) *Reporting Issuer Status*

(i) Parent Co is a reporting issuer in the Provinces of British Columbia, Ontario and Alberta; and

(ii) No order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of BC Co (including the BC Co Common Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of BC Co, are pending, contemplated or threatened by any regulatory authority.

(f) *Material Contracts.*

(i) Neither BC Co nor Merger Co are party to any material contract, written or oral, or any other contract, written or oral, involving an amount in excess of \$5,000 other than:

(A) this Agreement, and

(B) the Canadian Arrangement Agreement.

(collectively, the “**BC Co Contracts**”);

(ii) Neither BC Co nor, to the knowledge of BC Co, any other party thereto is in material default or breach of any BC Co Contract and, to the knowledge of BC Co, there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute a material default or breach under any BC Co Contract which would give rise to a right of termination on the part of any other party to a BC Co Contract;

(iii) BC Co is not a party to any agreement, nor, to the knowledge of BC Co, is there any shareholders agreement or other contract which in any manner affects the voting control of any of the securities of BC Co or Merger Co;

(iv) There is no agreement, plan or practice of BC Co relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance, health or other employee benefit;

(v) BC Co has no, and since incorporation has not had any, employees. There are no employment contracts, agreements or engagements, either oral or written, with any director or officer of BC Co; and

(vi) None of the directors or officers of BC Co or any associate or Affiliate of any of the foregoing has any interest, direct or indirect, in any transaction or any proposed transaction with BC Co that materially affects, is material to or will materially affect BC Co. BC Co is not indebted to: (i) any director, officer or shareholder of BC Co (other than in respect of the reimbursement of expenses incurred on behalf of BC Co in the ordinary course of business); (ii) any individual related to any of the foregoing by blood, marriage or adoption; or (iii) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in this §3.1(f)(vi). None of those Persons referred to in this §3.1(f)(vi) is indebted to BC Co. Except as disclosed by BC Co to the Company in writing, BC Co is not currently a party to any contract, agreement or understanding with any officer, director, employee, shareholder or any other Person not dealing at arm's length with BC Co.

(g) *No Other Commissions.* Except for finder's fees to be paid by BC Co in connection with the Private Placement (including the issuance of the Finder Warrants), there is no Person acting at the request or on behalf of BC Co that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated by this Agreement.

PART 4 REPRESENTATIONS AND WARRANTIES OF THE COMPANY

4.1 Representations and Warranties of the Company.

As of the Agreement Date, the Company represents and warrants to and in favour of BC Co as follows, and acknowledges that BC Co is relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

(a) *Organization, Standing, Corporate Power, Authority and Non-Contravention.*

(i) The Company is a corporation incorporated and validly existing under the laws of the State of Florida and has all requisite corporate power and corporate authority and is duly qualified and holds all material permits, licences, registrations, permits, qualifications, consents and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate its Assets and neither the Company nor, to the knowledge of the Company, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of the Company, and the Company has all requisite corporate power and corporate authority to enter into this Agreement and to carry out its obligations hereunder;

(ii) The authorized capital of the Company consists of 100,000,000 Company Shares of which (i) immediately prior to the Merger 15,605,400 Company Shares will be issued and outstanding;

(iii) No Person has any written or oral agreement, option or warrant or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming such for the purchase or acquisition of any securities of the Company;

(iv) The Company has no subsidiaries, nor any interest in any body corporate, partnership, joint ventures or other entity or Person and the Company is not a party to any agreement, option or commitment to acquire any shares or securities of any body corporate, partnership, trust, joint venture or other entity or Person (other than as contemplated by this Agreement);

(v) The Company has been conducting its business in compliance in all material respects with all applicable Laws and regulations of each jurisdiction in which it carries on business and has not received a notice of material non-compliance, and, to the knowledge of the Company, there are no facts that would give rise to a notice of material noncompliance with any such laws and regulations;

(vi) No consent, approval, order or authorization of, or registration, declaration or filing with, any third party or governmental entity is required by or with respect to the Company in connection with the execution and delivery of this Agreement by the Company, the performance of its obligations hereunder or the consummation by the Company of the transactions contemplated hereby other than: (i) the approval of the Merger by the Company Shareholders and the approval of the Merger under Applicable Florida State Law; and (ii) any other consents, notice, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on the Company or prevent or materially impair the Company's ability to perform its obligations hereunder;

(vii) Each of the execution and delivery of this Agreement, the performance by the Company of its obligations hereunder and the consummation of the transactions contemplated in this Agreement, including the Merger, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both, of: (i) any statute, rule or regulation applicable to the Company, including Applicable Securities Law in the United States; (ii) the constating documents, Bylaws or resolutions of the Company that are in effect at the date hereof; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Company is a party or by which it is bound; or (iv) any judgment, decree or order binding the Company or the Assets;

(viii) This Agreement has been duly authorized and executed by the Company and constitutes a valid and binding obligation of the Company and shall be enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and

waiver, and the ability to sever unenforceable terms, may be limited by applicable Law; and

(ix) The Company is not in violation of its constating documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract to which it is a party or by which it or its property may be bound.

(x) The Company is not a 'reporting issuer' or equivalent in any jurisdiction nor are any shares of Company listed or quoted on any stock exchange or electronic quotation system.

(xi) At the Effective Date, there will not be any agreement, right or option:

(A) to require the Company to issue any Company Shares or any other security convertible or exchangeable into Company Shares, or to convert or exchange any securities into or for Company Shares;

(B) to require the Company to purchase, redeem or to otherwise acquire any of its issued and outstanding Company Shares;

(C) with respect to the purchase and sale, assignment or other transfer of the issued and outstanding Company Shares, except as contemplated herein; or

(D) to acquire all or any portion of the Company's Assets or any interest therein.

(b) *Intellectual Property.*

(i) The Company has the exclusive right to use, sell, license, sub-license and prepare derivative works for and dispose of and has the rights to bring actions for the infringement or misappropriation of the Company's Intellectual Property that it has registered or applied for registration and the Company has not licensed, conveyed, assigned or encumbered any of the Company's Intellectual Property that it owns. All registrations and filings necessary to preserve the rights of the Company to the Company's Intellectual Property have been made and are in good standing.

(ii) Schedule B hereto sets out all of the Company's Intellectual Property registrations and applications.

(iii) All pending applications for registration of the Company's Intellectual Property (which are fully described in Schedule B) are in good standing with the appropriate offices and assignments have been recorded in favour of the Company to the extent recordation within a timely manner is required to preserve the rights thereto.

(iv) The execution and delivery of this Agreement or any agreement contemplated hereby will not breach, violate or conflict with any instrument or agreement governing any of the Company's Intellectual Property, will not cause the forfeiture or termination of any of the Company's Intellectual Property or in any way exclude the right of the Company to use, sell, license or dispose of or to bring any action for the infringement of any of the Company's Intellectual Property (or any portion thereof).

(v) There are no royalties, honoraria, fees or other payments payable by the Company to any Person by reason of, or in respect of, the ownership, use, license, sale or disposition of any of the Company's Intellectual Property and there are no restrictions on the ability of the Company or any successor to or assignee from the Company to use and exploit all rights in such Company's Intellectual Property.

(vi) All maintenance fees due in accordance with the Company's Intellectual Property have been paid in a timely manner.

(c) *Financial Statements.*

(i) The Company's Financial Statements:

(A) present fairly, in all material respects, the financial position of the Company as at the dates thereof and the results of its operations and the changes in shareholders' equity and cash flows of the Company for the periods specified;

(B) do not contain any untrue statement of a material fact or omit to state a material fact required to be stated under applicable accounting principles or that is necessary to make a statement not misleading in light of the circumstances; and

(C) have been prepared in accordance with IFRS.

(ii) The Company's auditors who audited or reviewed the Company's Financial Statements are independent public accountants.

(d) *Undisclosed Liabilities.* Other than as disclosed in the Company's Financial Statements, the Company does not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, that, individually or in the aggregate, are Materially Adverse. The Company has no indebtedness, liabilities or obligations, secured or unsecured (whether accrued, absolute, contingent or otherwise) except for those incurred in the ordinary course of its business or in connection with the transactions contemplated by this Agreement.

(e) *Absence of Certain Changes or Events.* Other than the transactions contemplated herein and other than as disclosed in the Company's Financial Statements or the

Disclosure Documents, since August 31, 2015, the Company has conducted its business only in the ordinary course and:

- (i) there has not been any event, change, effect or development (including any decision to implement such a change made by the Board of Directors in respect of which senior management believes that confirmation of the Board of Directors is probable), which, individually or in the aggregate, is Materially Adverse;
- (ii) there has not been any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any Company Shares; and
- (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) that is Materially Adverse has been incurred.

(f) *Taxes.* As of the date of this Agreement, if required, the Company has duly and in a timely manner filed all Tax Returns and reports required by Laws to have been filed by it (except for such Tax Returns and reports with respect to which the failure to timely file would not be Materially Adverse), has duly reported all income and other amounts required to be reported and has paid all Taxes to the extent that such Taxes have been assessed by the relevant taxation authority and are due and payable (except where failure to do so would not be Materially Adverse). To the extent required, except where failure to do so would not be Materially Adverse, the Company has duly and in a timely manner paid, deducted, withheld, collected and remitted all Taxes required to be paid, deducted, withheld, collected and remitted by it and has made full provision, in accordance with IFRS for (including properly accruing and reflecting on its books and records) all Taxes that are not yet due, that relate to periods (or portions thereof) ending prior to the date of this Agreement. The Company's Financial Statements contain adequate provision for all Taxes, assessments and levies imposed on the Company, or its property or rights arising out of operations on or before the date of the balance sheet set forth in the Company's Financial Statements in accordance with IFRS regardless of whether such amounts are payable before or after the Closing Date. No deficiency in payment of any Taxes for any period has been asserted by any Government Agency and remains unsettled at the date hereof. There are no actions, suits, examinations, proceedings, investigations, audits or claims now pending or threatened or, to the knowledge of the Company, contemplated against the Company in respect of any Taxes and there are no matters under discussion with any Government Agency relating to any Taxes. The Company has no permanent establishment (within the meaning of any applicable Tax treaty) or any office or fixed place of business in a country other than the country in which it is organized. The Company has not been a United States real property holding corporation within the meaning of Code Section 897(c)(2) during the applicable period specified in Code Section 897(c)(1)(A)(ii). The Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Effective Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Effective Date, (ii) use any improper method of accounting for a taxable period ending on or prior to the Effective Date, (iii) any "closing agreement" as described in Code Section 7121 (or any

corresponding or similar provision of state, local or non-U.S. income Tax law) executed on or prior to the Effective Date, (iv) installment sale or open transaction doctrine made on or prior to the Effective Date (v) prepaid amount received on or prior to the Closing Date and (vi) election under Code Section 108(i). The Company has not been a party to an “reportable transaction,” as defined in Code Section 6707A(c)(1) and Treasury Regulations Section 1.6011-4(b).

(g) *Pre-Emptive Rights.* No holder of outstanding securities of the Company will be entitled to any pre-emptive or any similar rights to subscribe for securities of the Company at any time prior to or concurrent with the Closing of the Merger, including without limitation, pursuant to the Company’s bylaws.

(h) *Change in Law.* The Company is not aware of any pending change to any applicable law that would reasonably be expected to have an effect that would be Materially Adverse.

(i) *Employment Matters.*

(i) The Company has not had, and does not currently have any collective bargaining agreements with respect to its Employees and, to the knowledge of the Company, no accreditation request or other representation question is pending with respect to its Employees. There is no labour strike, dispute or stoppage pending or, to the knowledge of the Company after due inquiry, threatened against the Company, and the Company has not experienced any labour strike, dispute, slowdown or stoppage or other labour difficulty involving its Employees.

(ii) The Company is not subject to any litigation (actual or, to the knowledge of the Company, threatened) relating to employment or termination of employment of its Employees, other than those claims or litigation that are not, individually or in the aggregate, Materially Adverse.

(iii) The Company has operated in accordance with all applicable Laws with respect to employment and labour, including employment and labour standards, occupational health and safety, employment equity, pay equity, workers’ compensation, human rights and labour relations, except where failure to do so would not reasonably be expected to have an effect that would be Materially Adverse, and there are no current, pending or, to the knowledge of the Company, threatened proceedings before any Government Agency with respect thereto.

(iv) No current or former employee, officer or director or the Company is entitled to a severance, termination or other similar payment as a result of the Merger.

(v) No Person is entitled: (i) to a payment under a Contract with the Company as a result of the Merger; or (ii) to terminate a Contract with the Company, as a result of the Merger.

(j) *Bankruptcy, Insolvency.* No bankruptcy, insolvency or receivership proceedings have been instituted by the Company or, to the knowledge of the Company, are pending against the Company.

(k) *Books and Records.* The corporate minute books of the Company contain minutes of all material meetings and resolutions of the directors and shareholders held, and full access thereto has been provided to BC Co and its counsel.

(l) *Non-Arm's Length Transactions.* Other than employment agreements, consulting agreements or other agreements pursuant to which Employees may receive compensation between the Company and its Employees, other than as disclosed in the Financial Statements, there are no Contracts or other transactions currently in place between the Company and: (i) any officer or director of the Company; (ii) any holder of the Company Shares or other securities of the Company; or (iii) any associate or affiliate of the foregoing.

(m) *Litigation.* Other than as disclosed in the Company's Financial Statements, there is no suit, action or proceeding pending or, to the knowledge of the Company, threatened against the Company and there is no judgment, decree, injunction, rule or order of any Government Agency or arbitrator outstanding against the Company.

(n) *No Other Commissions.* Except for finders fees to be paid by BC Co in connection with the Private Placement (including the issuance of the Finder Warrants), there are no persons acting or purporting to act at the request or on behalf of the Company that are entitled to any brokerage or finder's fee in connection with the transactions contemplated in connection with this Agreement.

(o) *Contracts.*

(i) Other than as disclosed herein, the Company does not have any material Contracts as of the date hereof.

(ii) To the knowledge of the Company, any and all material Contracts of the Company are valid and subsisting agreements in full force and effect, enforceable in accordance with their respective terms, the Company is not in default of any of the provisions of any such Contracts, except for any defaults that are not, individually or in the aggregate, reasonably be expected to have an effect that would be Materially Adverse, nor has any such default been alleged, and the Company is not aware of any material disputes with respect thereto.

(iii) The Company is not a party to or bound or affected by any commitment, agreement or document that would prohibit or restrict the Company from entering into this Agreement or completing the Merger.

(p) *Liens.* There are no encumbrances or liens (registered or, to the knowledge of the Company, unregistered) against any of the Assets.

(q) *Premises.* With respect to each premises that is material to the Company and which the Company occupies, whether as owner or as tenant (the “**Leased Premises**”), the Company occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which the Company occupies the Leased Premises is in good standing and in full force and effect under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by the Company.

(r) *Insurance.*

(i) The insurance maintained by the Company is customary of any company engaged in the business carried on by the Company and such insurance adequately covers all material risks reasonably and prudently foreseeable in the operation and conduct of the business of the Company, and the Company is not in material default under the terms of any such policy.

(ii) There is no claim outstanding under any insurance policy of the Company as to which coverage has been questioned, denied or disputed by the underwriter of such policy, and there has been no notice of cancellation or termination of, or premium increase with respect to, any such policy.

(iii) The Company has paid all premiums due under its insurance policies and the Company is not in default in any material respect under the terms of any of their insurance policies.

PART 5 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

5.1 No Survival of Representations and Warranties.

The representations and warranties made by the Parties and contained in this Agreement shall not survive the Closing.

PART 6 COVENANTS OF THE COMPANY

The Company hereby covenants and agrees with BC Co as follows until the earlier of the Effective Date or the termination of this Agreement in accordance with its terms:

6.1 Necessary Consents.

The Company shall use its commercially reasonable efforts to obtain from the Company’s directors, shareholders and all federal, state or other governmental or administrative bodies such approvals or consents as are required to complete the transactions contemplated herein.

6.2 **Ordinary Course.**

The Company will operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice.

6.3 **Non-Solicitation.**

- (a) The Company hereby covenants and agrees from the date hereof until the Termination Date not to, directly or indirectly, solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Acquisition. In the event the Company or any of its Affiliates, including any of their officers or directors, receives any form of offer or inquiry in respect of the foregoing, the Company shall forthwith (in any event within one Business Day following receipt) notify BC Co of such offer or inquiry and provide BC Co with the material terms of the same.
- (b) Notwithstanding anything herein to the contrary, at any time prior to Closing, if the Company receives a Superior Proposal, then the Board of Directors of the Company shall provide written notice to Parent Co within two business days of receipt (a “**Notice of Superior Proposal**”). A Notice of Superior Proposal shall advise Parent Co that the Board of Directors of the Company has received a Superior Proposal and shall include any information and materials requested by Parent Co (including the most recent version of any written agreement relating to the transaction that constitutes a Superior Proposal or, if no such agreement exists, a written summary of the material terms and conditions of such Superior Proposal). If Parent Co, within two business days following its receipt of a Notice of Superior Proposal (the “**Notice Period**”), makes an offer that, as determined in good faith by the Company’s Board of Directors, after consultation with its financial advisors and outside legal counsel, is superior to the applicable Superior Proposal, then the Company shall have no right to terminate this Agreement pursuant to Section 10.1(iv). If Parent Co shall not have made such an offer within the Notice Period, then the Board of Directors of the Company may terminate this Agreement to accept such Superior Proposal pursuant to Section 10.1(iv). During the Notice Period, the Company shall, and shall cause its representatives, including, without limitation, its financial advisors and outside legal counsel, to negotiate in good faith with Parent Co and its representatives (to the extent Parent Co desires to negotiate) with respect to any offer from Parent Co.
- (c) As used in this Agreement, “**Superior Proposal**” shall mean a bona fide proposal for (i) a merger, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or similar transaction involving the Company whose assets, individually or in the aggregate, constitute more than 50% of the assets of the Company, (ii) the direct or indirect acquisition of assets or businesses representing

50% or more of the assets of the Company, whether pursuant to an acquisition of securities, assets or otherwise or (iii) the acquisition of 50% or more of any class of the issued and outstanding equity or voting securities of the Company, which the Board of Directors of the Company determines in good faith, after consultation with the Company's financial advisors and outside legal counsel, taking into account all the terms of the proposal (including, without limitation, the legal, financial and regulatory aspects of such proposal, the identity of the person making such proposal and the conditions for completion of such proposal) (i) is more favorable, from a financial point of view, to the Company's shareholders than the transactions contemplated by this Agreement (taking into account any revised proposal by Parent Co to amend the terms of this Agreement pursuant to and in accordance with Section 6.3(b)) and the failure of the Board of Directors of the Company to approve or recommend such proposal would be inconsistent with its fiduciary duties under applicable Law, (ii) the financing of which is fully committed or reasonably likely to be obtained and (iii) is reasonably expected to be consummated on a timely basis.

6.4 **Restrictive Covenants.**

The Company hereby covenants and agrees until the Termination Date not to, without BC Co's prior written consent, which shall not be unreasonably withheld:

- (i) issue any debt, equity or other securities;
- (ii) borrow money or incur any indebtedness for money borrowed, except in the ordinary course of business;
- (iii) make loans, advances or other payments to directors, officers, employees or consultants of the Company, other than: (i) payments made in the ordinary course of business (including payment of salaries or consultant fees at current rates); or (ii) routine advances or payments to directors, officers, employees or consultants of the Company for expenses incurred on behalf of the Company in the ordinary course of business;
- (iv) declare or pay any dividends or distribute any of the Company's properties or Assets to shareholders, except in the ordinary course of business;
- (v) alter or amend the Company's Articles of Incorporation or Bylaws, except as required to give effect to the matters contemplated herein; or
- (vi) except as otherwise permitted or contemplated herein, enter into any transaction or material contract that is not in the ordinary course of business or engage in any business enterprise or activity materially different from that carried on or contemplated by the Company and/or its Affiliates as of the date hereof.

6.5 **All Other Action.**

The Company shall cooperate fully with BC Co and will use all reasonable commercial efforts to assist BC Co in its efforts to complete the Acquisition, unless such

cooperation and efforts would subject the Company to material cost or liability or would be in breach of applicable statutory or regulatory requirements.

PART 7 COVENANTS OF BC CO

BC Co hereby covenants and agrees with the Company as follows until the earlier of the Effective Date or the termination of this Agreement in accordance with its terms:

7.1 Necessary Consents.

BC Co shall use its reasonable efforts to obtain from BC Co's directors, shareholders, the CSE, the Principal Regulator and all federal, provincial, municipal or other governmental or administrative bodies such approvals or consents as are required to complete the transactions contemplated herein (including approval of its shareholders of the BC Co Shareholder Consent Materials and the approval of the CSE of the listing of Resulting Issuer Common Shares and the shares underlying the Resulting Issuer Warrants to be issued pursuant to this Agreement).

7.2 Ordinary Course.

BC Co will operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice.

7.3 Non-Solicitation.

BC Co hereby covenants and agrees until the Termination Date not to, directly or indirectly, solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Acquisition. In the event BC Co or any of its Affiliates, including any of their officers or directors, receives any form of offer or inquiry in respect of any of the foregoing, BC Co shall forthwith (in any event within one Business Day following receipt) notify the Company of such offer or inquiry and provide the Company with the material terms of the same.

7.4 Restrictive Covenants.

BC Co hereby covenants and agrees until the Termination Date not to, without the Company's prior written consent:

- (i) issue any debt, equity or other securities, except in connection with the Private Placement (including the Finder Warrants), the Canadian Arrangement Agreement or the Acquisition;

- (ii) borrow money or incur any indebtedness for money borrowed;
- (iii) make loans, advances or other payments to directors, officers, employees or consultants of BC Co, other than (i) payments made in the ordinary course of business (including payment of consultant fees at current rates) or (ii) routine advances or payments to directors, officers, employees or consultants of BC Co for expenses incurred on behalf of BC Co in the ordinary course of business;
- (iv) make any capital expenditures;
- (v) declare or pay any dividends or distribute any BC Co Assets to shareholders;
- (vi) alter or amend BC Co's charter documents in any manner, except as required to give effect to the matters contemplated herein; or
- (vii) except as otherwise permitted or contemplated herein, enter into any transaction or material contract or engage in any business enterprise or activity different from that carried on by BC Co as of the date hereof.

7.5 **Merger Co.**

Merger Co shall be validly subsisting and in good standing under Applicable Florida State Law immediately prior to the Merger. BC Co covenants and agrees that Merger Co shall not carry on any business and shall not enter into any contracts, agreements, commitments, indentures or other instruments prior to the Closing Date other than this Agreement and as required to effect the Merger.

7.6 **All Other Action.**

BC Co shall cooperate fully with the Company and will use all reasonable commercial efforts to assist the Company in its efforts to complete the Acquisition unless such cooperation and efforts would subject BC Co to material cost or liability or would be in breach of applicable statutory and regulatory requirements.

PART 8 CONDITIONS PRECEDENT

8.1 **Conditions for the Benefit of BC Co.**

The transactions contemplated herein are subject to the following conditions to be fulfilled or performed on or prior to the Closing Date, which conditions are for the exclusive benefit of BC Co and may be waived, in whole or in part, by BC Co in its sole discretion:

- (i) **Truth of Representations and Warranties.** The representations and warranties of the Company contained in this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the

Closing Date in all material respects with the same force and effect as if such representations and warranties had been made on and as of such Closing Date except as affected by transactions contemplated or permitted by this Agreement and an officer or director of the Company shall provide a certificate addressed to BC Co at Closing confirming the foregoing.

(ii) **Performance of Obligations.** The Company shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by them at or prior to the Closing Date and an officer or director of the Company shall provide a certificate addressed to BC Co at Closing confirming the foregoing.

(iii) **Approvals and Consents.** All required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary shareholder and regulatory approvals, shall have been obtained on terms acceptable to BC Co acting reasonably, including the approval of the CSE, the approval of the BC Co Shareholder Consent Materials by the shareholders of BC Co and the Company Shareholder approval of the Merger.

(iv) **Private Placement.** The Private Placement shall have been completed.

(v) **No Material Adverse Change.** There shall have been no material adverse change in the business, results of operations, assets, liabilities, financial condition or affairs of the Company since August 31, 2015, other than a reduction of its cash position and/or accrual of expenses, in each case in order to pay or accrue for professional fees or other expenses in connection with the Acquisition.

(vi) **Deliveries.** The Company shall deliver or cause to be delivered to BC Co the closing documents as set forth in §9.2 in a form satisfactory to BC Co acting reasonably.

(vii) **Proceedings.** All proceedings to be taken in connection with the transactions contemplated in this Agreement shall be satisfactory in form and substance to BC Co, acting reasonably, and BC Co shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith.

(viii) **No Legal Action or Prohibition of Law.** There shall be no action or proceeding pending or threatened by any Person (other than the Company) in any jurisdiction, or any applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or which could reasonably be expected to result in a Material Adverse Effect on the Company.

8.2 **Conditions for the Benefit of the Company.**

The transactions contemplated herein are subject to the following conditions to be fulfilled or performed on or prior to the Effective Date, which conditions are for the exclusive benefit of the Company and may be waived, in whole or in part, by the Company in its sole discretion:

- (i) **Truth of Representations and Warranties.** The representations and warranties of BC Co contained in this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date in all material respects with the same force and effect as if such representations and warranties had been made on and as of such Closing Date except as affected by transactions contemplated or permitted by this Agreement and an officer or director of BC Co shall provide a certificate to the Company at Closing confirming the foregoing.
- (ii) **Performance of Obligations.** BC Co shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by BC Co at or prior to the Closing Date and an officer or director of BC Co shall provide a certificate to the Company at Closing confirming the foregoing.
- (iii) **No Material Adverse Change.** There shall have been no material adverse change in the business, results of operations, assets, liabilities, financial condition or affairs of BC Co since August 31, 2015, other than a reduction of its cash position in order to pay professional fees or other expenses in connection with the Acquisition.
- (iv) **Approvals and Consents.** All required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary shareholder and regulatory approvals, shall have been obtained on terms acceptable to the Company acting reasonably, including approval of the BC Co Shareholder Consent Materials by the shareholders of BC Co and the Company Shareholder approval of the Merger.
- (v) **Private Placement.** The Private Placement shall have been completed.
- (vi) **Share Issuance by BC Co to Existing Company Shareholders.** Notwithstanding anything else contained herein, as consideration for entering into this Agreement, BC Co shall have issued such number of Resulting Issuer Common Shares, at a deemed price of CDN \$0.25 per Resulting Issuer Common Share, to the Existing Company Shareholders on a pro rata basis so that the number of Resulting Issuer Common Shares held by the Existing Company Shareholders equals 15,605, 400 Resulting Issuer Common Shares and the number of the Resulting Issuer Warrants equals 7,802,700 Resulting Issuer Warrants.
- (vii) **U.S. Registration Exemption.** The issuance of the Resulting Issuer Common Shares and Resulting Issuer Warrants issuable pursuant to the Merger

shall be exempt or excluded from registration requirements under the U.S. Securities Act, and the registration and qualification requirements of all Applicable Securities Law. It is anticipated that BC Co will rely on Rule 506(b) of Regulation D and Rule 903 of Regulation S, as applicable, in connection with the offer and sale of the Resulting Issuer Common Shares and Resulting Issuer Warrants. The Company hereby agrees that it will cooperate with BC Co in the preparation of a private placement memorandum containing the information prescribed by Rule 502(b) of Regulation D, if applicable.

(viii) **Exemption from Prospectus Requirements.** The distribution of the Resulting Issuer Common Shares in Canada pursuant to the Merger (including those Resulting Issuer Common Shares distributable pursuant to the rights attached to the Resulting Issuer Warrants) shall be exempt from, or otherwise not subject to, prospectus requirements of Applicable Securities Law and shall be freely tradeable (subject to the usual restrictions under National Instrument 45-102 Resale of Securities, of the Canadian Securities Administrators or pursuant to Applicable Securities Law in the United States). The Company hereby acknowledges and agrees that any Resulting Issuer Common Shares and any Resulting Issuer Warrants issued to or for the account or benefit of any U.S. Persons or persons in the United States in reliance on Rule 506(b) of Regulation D will be issued as “restricted securities” as defined in Rule 144(a)(3) under the U.S. Securities Act, and will be represented by definitive certificates endorsed with a U.S. restrictive legend in customary form.

(ix) **Issuance of Shares.** The Resulting Issuer Common Shares shall be free and clear of any and all encumbrances, Liens, charges, demands and restrictions on transfer whatsoever except the escrow restrictions imposed by the CSE or the Principal Regulator, restrictions imposed pursuant to the Voluntary Common Share Pooling Agreement, and restrictive or hold period prescribed under Applicable Securities Law.

(x) **Deliveries.** BC Co shall deliver or cause to be delivered to the Company BC Co’s Closing Documents as set forth in §9.3 in a form satisfactory to the Company, acting reasonably.

(xi) **Proceedings.** All proceedings to be taken in connection with the transactions contemplated in this Agreement shall be satisfactory in form and substance to the Company, acting reasonably, and the Company shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith.

(xii) **No Legal Action or Prohibition of Law.** There shall be no action or proceeding pending or threatened by any Person (other than BC Co) in any jurisdiction, or any applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement

or which could reasonably be expected to result in a Material Adverse Effect on BC Co.

PART 9 CLOSING

9.1 Time of Closing.

The Closing of the transactions contemplated herein shall be completed at the offices of McMillan LLP, Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia at 10:00 a.m. (Vancouver time) on the Closing Date. Closing of the transactions contemplated herein can be facilitated through electronic communication and document transmission and the physical presence of the Parties' representatives is not required for the Closing of any such transaction unless necessary.

9.2 Company Closing Documents.

On the day of Closing, the Company shall deliver to BC Co the following documents:

- (i) a certified copy of the resolutions of the directors and shareholders of the Company approving and authorizing the transactions herein contemplated;
- (ii) a certified copy of the constating documents of the Company;
- (iii) the Voluntary Common Share Pooling Agreement shall have been executed and delivered by Company Shareholders, as applicable;
- (iv) a favourable legal opinion from counsel to the Company with respect to such matters as counsel for BC Co may reasonably request; and
- (v) evidence that the Company has cancelled all of its issued and outstanding securities as of the Closing Date including those that have been exchanged for securities of BC Co under this Agreement as evidenced by cancelled share certificates, or if Company's securities are not certificated, by the Company's updated share register showing BC Co as the sole shareholder of Company.

9.3 BC Co's Closing Documents.

On the day of Closing, BC Co shall deliver to the Company the following documents:

- (i) Certificates or confirmation of electronic registration (such as Direct Registration Statement (DRS)) representing the Resulting Issuer Common Shares and Resulting Issuer Warrants issuable to and in the respective names of the holders of Company Common Shares pursuant to the Merger (such certificates or

electronic registration to be registered and prepared in accordance with a written direction to be provided by the Company prior to Closing);

(ii) copies of the list of defaulting issuers published by the British Columbia, Ontario and Alberta securities commissions showing that BC Co does not appear on a list of defaulting reporting issuers maintained by each such securities commission;

(iii) a certified copy of the resolutions of the directors of BC Co and Merger Co, and of BC Co as the sole shareholder of Merger Co approving and authorizing the transactions herein contemplated and a certified copy of the resolutions approving the BC Co Shareholder Consent Materials;

(iv) a certified copy of the constating documents of BC Co and Merger Co issued by the Registrar of Companies British Columbia;

(v) written resignations and releases of the current officers and directors of BC Co;

(vi) a cancelled certificate evidencing the Merger Co Shares registered in the name of BC Co; and

(vii) a favourable legal opinion from counsel to BC Co with respect to such matters as counsel for the Company may reasonably request.

PART 10 TERMINATION

10.1 Termination.

This Agreement shall terminate with the Parties having no obligations to each other, other than in respect of the expense provisions contained in §11.6, the confidentiality provisions contained in §11.1, if applicable, on the day (the “**Termination Date**”) on which the earliest of the following events occurs:

(i) written agreement of the parties to terminate this Agreement;

(ii) any applicable regulatory or Government Agency having notified in writing either BC Co or the Company of its determination to not permit the Merger to proceed, in whole or in part, and the parties have used commercially reasonable efforts to appeal or reverse such determination, or modify the Merger on a basis that is not prejudicial to either party hereto in order to address such determination;

(iii) the Closing of the Merger has not occurred on or before 5:00 p.m. (Vancouver time) on October 31, 2015; or

(iv) the Company plans to accept a Superior Proposal in accordance with Section 6.3(b).

10.2 **Effect of Termination.**

Each Party's right of termination under this Part 10 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. Nothing in Part 10 shall limit or affect any other rights or causes of action any Party may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement.

PART 11 GENERAL

11.1 **Confidential Information.**

No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated herein will be made by BC Co or the Company or its representatives without the prior agreement of the other party as to timing, content and method, hereto, except for disclosure by a Party made to its own representatives, and its legal and accounting consultants. The obligations herein will not prevent any party from making, after consultation with the other party, such disclosure as its counsel advises is required by applicable law or the rules and policies of the CSE.

Except as and only to the extent required by applicable Laws, a Receiving Party will not disclose or use, and it will cause its representatives not to disclose or use, any Confidential Information furnished, or to be furnished, by a Disclosing Party or its representatives to the Receiving Party or its representatives at any time or in any manner other than for purposes of evaluating and completing the transactions proposed in this Agreement.

If this Agreement is terminated, each Receiving Party will promptly return to the Disclosing Party or destroy any Confidential Information and any work product produced from such Confidential Information in its possession or in the possession of any of its representatives.

11.2 **Counterparts.**

This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and each of such counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

11.3 **Severability.**

In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision shall be severed to the extent that it is so declared and the other provisions of this Agreement shall continue in full force and effect.

11.4 **Applicable Law.**

This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without giving effect to the conflict of law principles therein.

11.5 **Successors and Assigns.**

This Agreement shall accrue to the benefit of and be binding upon each of the Parties hereto and their respective, administrators and assigns, provided that this Agreement shall not be assigned by any one of the Parties without the prior written consent of the other Parties.

11.6 **Expenses.**

Each of the Parties hereto shall be responsible for its own costs and charges incurred with respect to the transactions contemplated herein including, without limitation, all costs and charges incurred prior to the date hereof and all legal and accounting fees and disbursements relating to preparing this Agreement or otherwise relating to the transactions contemplated herein; provided, however (and for greater certainty), BC Co shall be responsible for paying all costs and fees payable to the CSE in connection with their review of the proposed Acquisition (including the review of the Personal Information Forms to be submitted by the proposed executive officers and directors of the Resulting Issuer following completion of the Acquisition) and the CSE listing fees in connection with any securities issued pursuant to the Acquisition.

11.7 **Further Assurances.**

Each of the Parties hereto will, without further consideration, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such other documents, instruments of transfer, conveyance, assignment and assurances and secure all necessary consents and authorizations as may be reasonably requested by another party and take such further action as the other may reasonably require to give effect to any matter provided for herein.

11.8 **Entire Agreement.**

This Agreement and the schedules referred to herein constitute the entire agreement among the Parties hereto and supersede all prior communications, agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof, including the letter of intent of the Parties dated June 4, 2015. None of the Parties hereto shall be bound or charged with any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings not specifically set forth in this Agreement or in the schedules, documents and instruments to be delivered by and/or on the Closing Date pursuant to this Agreement. The Parties hereto further acknowledge and agree that, in entering into this Agreement and in delivering the schedules, documents and instruments to be delivered by and/or on the Closing Date, they have not in any way relied, and will not in any way rely, upon any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings, express or implied, not specifically set forth in this Agreement

or in such schedules, documents or instruments attached hereto or referenced therein (including the schedules, documents or instruments to be delivered by and/or on the Closing Date).

11.9 **Notices.**

Any notice required or permitted to be given hereunder shall be in writing and shall be effectively given if (i) delivered personally, (ii) sent prepaid courier service or mail, or (iii) sent by facsimile, e-mail or other similar means of electronic communication addressed as follows:

in the case of notice to BC Co or Merger Co:

1500-1055 West Georgia Street
Vancouver, British Columbia
Canada V6E 4N7

Attention: Andrew Cheshire, Director, Email: checshireconsulting@gmail.com, with copies to (which shall not constitute notice hereunder):

McMillan LLP
Suite 1500 – 1055 West Georgia Street
Vancouver, BC V6E 4N7
Attention: Jeff Wust—jeff.wust@mcmillan.ca

in the case of notice to the Company:

10589 Ladner Trunk Rd., Delta
BC, Canada V4G 1K2

Attention: Kulwant Malhi, President, E-mail: k.malhi@dccnet.com with copies to (which shall not constitute notice hereunder):

Locke Lord LLP
Terminus 200, Suite 1200 3333 Piedmont Road NE
Atlanta Georgia 30305
United States of America
Attention: Lori Bibb, Esq.—lbibb@lockelord.com

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall:

- (i) if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;
- (ii) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or

delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mail, allowing for such discontinuance or interruption of regular postal service; and

(iii) if sent by facsimile or other means of electronic communication, be deemed to have been given, sent, delivered and received on the Business Day of the sending if sent during normal business hours on a Business Day (otherwise on the following Business Day).

11.10 Waiver.

Any Party hereto which is entitled to the benefits of this Agreement may, and has the right to, waive any term or condition hereof at any time on or prior to the Closing Date, provided however that such waiver shall be evidenced by written instrument duly executed on behalf of such Party; however, any e-mail containing such waiver sent from the respective e-mail address of BC Co, Merger Co or the Company (as applicable and as noted under §11.9) is deemed to be a written instrument duly executed on behalf of such Party for the purposes of this §11.10.

11.11 Amendments.

No modification or amendment to this Agreement may be made unless agreed to by the Parties hereto in writing.

11.12 Remedies Cumulative.

The rights and remedies of the Parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any Party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such Party may be lawfully entitled for the same default or breach.

11.13 Currency.

Unless otherwise indicated, all dollar amounts referred to in this Agreement are in the lawful money of Canada.

11.14 Time of Essence.

Time shall be of the essence hereof.

[Signature Page Follows]

IN WITNESS WHEREOF this agreement has been executed by the Parties hereto as of the date first above written.

Petro Basin Energy Corp.

Per: 

Authorized Signatory
Name: Morgan Tincher
Title: Chief Executive Officer and Director

Breathtec Biomedical, Inc.

Per: _____
Name: Andrew Cheshire
Title: Director, President and Secretary
For itself and as sole shareholder of Merger Co

Breathtec Merger Co, Inc.

Per: _____
Name: Andrew Cheshire
Title: Director, President and Secretary

Breathtec Biomedical, Inc.

A Florida corporation


Per: _____
Name: Kulwant Malhi
Title: President and Secretary

IN WITNESS WHEREOF this agreement has been executed by the Parties hereto as of the date first above written.


Petro Basin Energy Corp.

Per: _____
Authorized Signatory
Name: Morgan Tincher
Title: Chief Executive Officer and Director

Breathtec Biomedical, Inc.

Per:  _____
Name: Andrew Cheshire
Title: Director, President and Secretary
For itself and as sole shareholder of Merger Co

Breathtec Merger Co, Inc.

Per:  _____
Name: Andrew Cheshire
Title: Director, President and Secretary

Breathtec Biomedical, Inc.
A Florida corporation

Per: _____
Name: Kulwant Malhi
Title: President and Secretary

IN WITNESS WHEREOF this agreement has been executed by the Parties hereto as of the date first above written.

Petro Basin Energy Corp.

Per: _____
Authorized Signatory
Name: Morgan Tincher
Title: Chief Executive Officer and Director

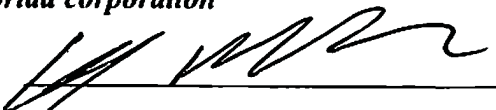
Breathtec Biomedical, Inc.

Per: _____
Name: Andrew Cheshire
Title: Director, President and Secretary
For itself and as sole shareholder of Merger Co

Breathtec Merger Co, Inc.

Per: _____
Name: Andrew Cheshire
Title: Director, President and Secretary

Breathtec Biomedical, Inc.
A Florida corporation

Per: 
Name: Kulwant Malhi
Title: President and Secretary

SCHEDULE "A"

EXISTING COMPANY COMMON SHAREHOLDERS

This is Schedule "A" to the above Agreement and Plan of Merger Capitalized terms used but not defined in this Schedule "A" have the meanings ascribed thereto in the Plan of Merger.

	Shareholder	Total Shares
1	Cannabix Breathalyzer Inc. (1) (4)	3,000,000
2	Kulwant Malhi (4)	2,000,000
3	Raj Attariwala (4)	2,000,000
4	Rock Yost (4)	500,000
5	Mike Costanzo (4)	500,000
6	Gurjeet Sangha (4)	750,000
7	Basant Management (4)	800,000
8	Michael Sadhra (4)	250,000
9	Equity Plan(2)	1,000,000
10	University of Florida(3)	2,000,000
11	Offering	5,605,400

Note:

- (1) Kulwant Malhi is President and Director of this entity.
- (2) Company 2015 Equity Plan reserved 1,000,000 shares of common stock for issuance by Company to officers, directors, employees and consultants
- (3) Company has reserved 2,000,000 shares of common stock to issue to the University of Florida upon the exercise of the Company's option to acquire US Patent 8,237,118 entitled "Partial Ovoidal FAIMS Electrode."
- (4) Required to enter into the Voluntary Common Share Pooling Agreement.

[End of Schedule "A"]

SCHEDULE “B”
INTELLECTUAL PROPERTY

The Company has an option to acquire from the University of Florida U.S. Patent 8,237,118 entitled “Partial Ovoidal FAIMS Electrode.”

SCHEDULE "C"

FORM OF VOLUNTARY POOLING AGREEMENT (ATTACHED)

VOLUNTARY COMMON SHARE POOLING AGREEMENT

This Pooling Agreement (the “**Agreement**”) is made effective the ____ day of _____, 2015.

AMONG:

BREATHTEC BIOMEDICAL, INC., a corporation incorporated under the laws of the Province of British Columbia, with a registered office at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7

(the “**Company**”)

AND:

The undersigned shareholders of Breathtec BioMedical, Inc., a corporation incorporated under the laws of the State of Florida, listed in the attached Schedule “A”

(each a “**Shareholder**”)

AND:

LM&S SERVICES INC., having an address at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7

(the “**Trustee**”)

WHEREAS:

A. On September 11, 2015, the Company, Petro Basin Energy Corp., Florida Merger Co, Inc. (“**Subco**”), a subsidiary of the Company, and Breathtec Biomedical, Inc., a company incorporated under the laws of the State of Florida (“**Breathtec**”) entered into an Agreement and Plan of Merger (the “**Merger Agreement**”), whereby the parties agreed to complete a three-cornered Merger pursuant to which Subco will amalgamate with Breathtec (the “**Merger**”) and, on completion of the Merger, former securityholders of Breathtec will receive securities of the Company;

B. In the Merger Agreement, Breathtec agreed to cause certain of the shareholders (the “**Breathtec Shareholders**”) of common shares of Breathtec to, on or prior to the closing of the Merger, enter into a pooling agreement pursuant to which the common shares of the Company (the “**Common Shares**”) and common share purchase warrants of the Company (“**Warrants**”) issued to the Breathtec Shareholders in connection with the Merger would be pooled and released as to one-third (33%) on the date that is twelve months after the effective date of the Merger and then as to one-third (33%) every twelve months thereafter; and

C. The Shareholder wishes to pool the Common Shares and Warrants that the Shareholder will receive or has received in connection with the Merger in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreement herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties covenant and agree as follows:

1. The Shareholder hereby agrees with the Trustee that it will deliver or cause to be delivered to the Trustee, a certificate or certificates representing all of the Common Shares and Warrants that the Shareholder will receive or has received in connection with the Merger, which Common Shares and Warrants are to be held by the Trustee and released, subject to this Section 1, to the Shareholder on the following basis:

- (a) 33 1/3% of the Shareholder's Common Shares and Warrants on the date which is twelve months after the effective date of the Merger (the "**First Release Date**");
- (b) 33 1/3% of the Shareholder's Common Shares and Warrants on the date that is twelve months after the First Release Date; and
- (c) the remaining 33 1/3% of the Shareholder's Common Shares and Warrants on the date that is twenty-four months after the First Release Date.

2. The Shareholder shall be entitled, from time to time, to a letter or receipt from the Trustee stating the number of the Common Shares and Warrants represented by a certificate or certificates held for the Shareholder by the Trustee, subject to the terms of this Agreement, but such letter or receipt shall not be assignable.

3. If, during the period in which any of the Shareholder's Common Shares are retained in trust pursuant hereto, the Shareholder shall be entitled to vote such Common Shares at any meeting of the shareholders of the Company held during such period.

4. The Shareholder shall not sell, deal in, assign, transfer in any manner whatsoever, or agree to sell, deal in, assign or transfer in any manner whatsoever, any of the Shareholder's Common Shares or Warrants or beneficial ownership of or any interest in the Shareholder's Common Shares or Warrants and the Trustee shall not accept or acknowledge any transfer, assignment, declaration of trust or any other document evidencing a change in legal and beneficial ownership of or interest in the Shareholder's Common Shares or Warrants, prior to the release of such Common Shares or Warrants in accordance with the terms of this Agreement, except as may be required by reason of the death or bankruptcy of the Shareholder, in which case the Trustee shall hold the certificate or certificates for the Shareholder's Common Shares and Warrants subject to this Agreement for whatever person or persons, firm or corporation may thus become legally entitled thereto.

5. If, during the period in which any of the Shareholder's Common Shares are retained in trust pursuant hereto, any dividend, other than a dividend paid in common shares of the Company, is received by the Trustee in respect of the Shareholder's Common Shares, such dividend shall be paid or transferred forthwith to the Shareholder entitled thereto. Any common

shares of the Company received by way of dividend in respect of the Shareholder's Common Shares shall be dealt with as if they were Common Shares of the Shareholder subject to this Agreement.

6. The Trustee will not be liable for any action taken or omitted to be taken by it or on its behalf in good faith and in the exercise of its reasonable judgment. The Trustee may at any time consult with independent legal counsel of its own choice in any such matters, will have full and complete authorization and protection from any action taken or omitted by it hereunder in good faith and in the exercise of its reasonable judgment in accordance with the advice of such legal counsel on its part and will incur no liability for any delay reasonably required to obtain the advice of any such legal counsel. The Trustee will not be answerable for the default or misconduct of any agent or legal counsel employed or appointed, at its discretion, by it if such agent or legal counsel will have been selected with reasonable care.

7. The Shareholder and the Company agree from time to time and at all times hereafter well and truly to save, defend and keep harmless and fully indemnify the Trustee, its successors and assigns from and against all loss, costs, charges, suits, demands, claims, damages and expenses which the Trustee, its successors or assigns may at any time or times hereafter bear, sustain, suffer or be put unto for or by reason or on account of its acting or not acting pursuant to this Agreement or anything in any manner relating thereto or by reason of the Trustee's compliance in good faith with the terms hereof.

8. In case proceedings should hereafter be taken in any court respecting the Shareholder's Common Shares or Warrants, the Trustee will not be obliged to defend any such action or submit its rights to the court until it has been indemnified by other good and sufficient security in addition to the indemnity given in Section 7 against its costs of such proceedings.

9. The Shareholder acknowledges that the Trustee is associated with McMillan LLP which acts as legal counsel to the Company and the Shareholder agrees and consents to McMillan LLP's continued representation of the Company. If a dispute arises between the Company and a Shareholder under this Agreement which cannot be resolved, the Company and the Shareholder shall retain outside counsel with respect to such dispute, and neither the Company nor the Shareholder will advance any claim or start any proceedings against the Trustee or McMillan LLP in respect of such dispute.

10. The Shareholder is solely responsible for obtaining independent legal advice in connection with entering into this Agreement, and the Shareholder confirms that it has not relied on the Trustee or McMillan LLP in any manner in connection with its decision to enter into this Agreement.

11. The Trustee shall not be liable or accountable to the Shareholder with respect to any loss of investment or damages occasioned by the Shareholder as a result of the shares being held by the Trustee pursuant to the provisions of this Agreement.

12. The Trustee will have no responsibility in respect of loss of the certificate or certificates representing the Shareholder's Common Shares except the duty to exercise such care in the safekeeping thereof as it would exercise if the Shareholder's Common Shares belonged to the

Trustee. The Trustee may act on the advice of counsel but will not be responsible for acting or failing to act on the advice of counsel.

13. In the event that the Shareholder's Common Shares are attached, garnished or levied upon under any court order, or if the delivery of such property is stayed or enjoined by any court order or if any court order, judgment or decree is made or entered affecting such property or affecting any act by the Trustee, the Trustee will obey and comply with all writs, orders, judgments or decrees so entered or issued, whether with or without jurisdiction, notwithstanding any provision of this Agreement to the contrary. If the Trustee obeys and complies with any such writs, orders, judgments or decrees, it will not be liable to any of the parties hereto or to any other person, firm, association or corporation by reason of such compliance, notwithstanding that such writs, orders, judgments or decrees may be subsequently reversed, modified, annulled, set aside or vacated.

14. Except as herein otherwise provided, the Trustee is authorized and directed to disregard any and all notices and warnings which may be given to it by any of the parties hereto or by any other person, firm, association or corporation. It will, however, obey the order, judgment or decree of any court of competent jurisdiction, and it is hereby authorized to comply with and obey such orders, judgments or decrees and in case of such compliance, it shall not be liable by reason thereof to any of the parties hereto or to any other person, firm, association or corporation, even if thereafter any such order, judgment or decree may be reversed, modified, annulled, set aside or vacated.

15. If written notice of protest is made by the Shareholder and/or the Company to the Trustee to any action contemplated by the Trustee under this Agreement, and such notice sets out reasons for such protest, the Trustee may, at its sole discretion, continue to hold the Shareholder's Common Shares until the right to the documents is legally determined by a court of competent jurisdiction or otherwise.

16. The Trustee may resign as Trustee by giving not less than five (5) days' notice thereof to the Shareholder and the Company. The Shareholder and the Company may terminate the Trustee by giving not less than five (5) days' notice to the Trustee. The resignation or termination of the Trustee will be effective and the Trustee will cease to be bound by this Agreement on the date that is five (5) days after the date of receipt of the termination notice given hereunder or on such other date as the Trustee, the Shareholder and the Company may agree upon. All indemnities granted to the Trustee herein will survive the termination of this Agreement or the termination or resignation of the Trustee. In the event of termination or resignation of the Trustee for any reason, the Trustee shall, within that five (5) days' notice period deliver the Shareholder's Common Shares to the new trustee to be named by the Shareholder and the Company.

17. Notwithstanding anything to the contrary contained herein, in the event of any dispute arising between the Shareholder and/or the Company, this Agreement or any matters arising thereto, the Trustee may, in its sole discretion, deliver and interplead the Shareholder's Common Shares into court and such delivery and interpleading will be an effective discharge to the Trustee.

18. The Company will pay all of the compensation of the Trustee and will reimburse the Trustee for any and all reasonable expenses, disbursements and advances made by the Trustee in the performance of its duties hereunder, including reasonable fees, expenses and disbursements incurred by its counsel and any fees and disbursements incurred in the interpleader proceedings referred to in Section 17.

19. This Agreement shall enure to the benefit of and be binding upon the parties hereto and each of their heirs, executors, administrators, successors and permitted assigns.

20. This Agreement may be executed in several parts in the same form and such part as so executed shall together constitute one original agreement, and such parts, if more than one, shall be read together and construed as if all the signing parties hereto had executed one copy of this Agreement.

21. This Agreement will be exclusively governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the parties have executed this Agreement effective as of the date first above written:

LM&S SERVICES INC.

Per: _____
Authorized Signatory

BREATHTEC BIOMEDICAL, INC.

Per: _____
Authorized Signatory

CANNABIX BREATHALYZER INC.

Per: _____
Authorized Signatory

BASANT MANAGEMENT

Per: _____
Authorized Signatory

SCHEDULE “A”

Shareholders

This is Schedule “A” to the above Voluntary Common Share Pooling Agreement.

	Shareholder	Total Shares
1	Cannabix Breathylyzer Inc.	3,000,000
2	Kulwant Malhi	2,000,000
3	Raj Attariwala	2,000,000
4	Rock Yost	500,000
5	Mike Costanzo	500,000
6	Gurjeet Sangha	750,000
7	Basant Management	1,000,000
8	Michael Sadhra	250,000

APPENDIX "E"

BREATHTEC BIOMEDICAL, INC.
(formerly, PBA Acquisitions Corp.)

STOCK OPTION PLAN

DATED FOR REFERENCE SEPTEMBER 11, 2015

Approved by the board of directors and shareholders on September 11, 2015.

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STOCK OPTION PLAN

SECTION 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) “**Administrator**” means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, or, if no such person is appointed, the Committee itself.
- (b) “**Associate**” means, where used to indicate a relationship with any person:
 - (i) any relative, including the spouse of that person or a relative of that person's spouse, where the relative has the same home as the person;
 - (ii) any partner, other than a limited partner, of that person;
 - (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; and
 - (iv) any corporation of which such person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the corporation.
- (c) “**Black-Out**” means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company's securities until the restriction has been lifted by the Company.
- (d) “**Board**” means the board of directors of the Company.
- (e) “**Change of Control**” means an occurrence when either:
 - (i) a Person or Entity, other than the current “control person” of the Company (as that term is defined in the *Securities Act*), becomes a “control person” of the Company; or
 - (ii) a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company's then-incumbent Board.

- (f) “**Committee**” means a committee of the Board to which the responsibility of approving the grant of stock options has been delegated, or if no such committee is appointed, the Board itself.
- (g) “**Company**” means Breathtec Biomedical, Inc. (formerly, PBA Acquisitions Corp.).
- (h) “**Consultant**” means an individual who:
 - (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or any Subsidiary other than services provided in relation to a “distribution” (as that term is described in the *Securities Act*);
 - (ii) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause (h)(v) below);
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
 - (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof,

and includes:

- (i) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a “**Consultant Entity**”); or
 - (ii) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
 - (iii) “**Disability**” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability.
- (a) “**Employee**” means:
 - (i) an individual who works full-time or part-time for the Company or any Subsidiary and such other individual as may, from time to time, be

permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or

- (ii) an individual who works for the Company or any Subsidiary either full-time or on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source,

and includes:

- (i) a corporation wholly-owned by such individual; and
 - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (b) “**Exchange**” means the stock exchange upon which the Company’s shares principally trade.
- (c) “**Executive**” means an individual who is a director or officer of the Company or a Subsidiary, and includes:
- (i) a corporation wholly-owned by such individual; and
 - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (d) “**Exercise Notice**” means the written notice of the exercise of an Option, in the form set out as Schedule B hereto, or by written notice in the case of uncertificated Shares, duly executed by the Option Holder.
- (e) “**Exercise Period**” means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (f) “**Exercise Price**” means the price at which an Option is exercisable as determined in accordance with section 5.3.
- (g) “**Expiry Date**” means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with sections 5.4, 6.2, 6.3, 6.4 or 11.4.
- (h) “**Expiry Time**” means the time the Option expires on the Expiry Date, which is 4:00 p.m. local time in Vancouver, British Columbia on the Expiry Date.

- (i) **“Grant Date”** means the date on which the Committee grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (j) **“Insider”** means an insider as that term is defined in the *Securities Act*.
- (k) **“Market Value”** means the market value of the Shares as determined in accordance with section 5.3.
- (l) **“Option”** means an incentive share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company.
- (m) **“Option Certificate”** means the certificate, in substantially the form set out as Schedule A hereto, evidencing the Option.
- (n) **“Option Holder”** means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (o) **“Outstanding Issue”** means the number of Shares that are outstanding (on a non-diluted basis) immediately prior to the Share issuance or grant of Option in question.
- (p) **“Person or Entity”** means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
- (q) **“Personal Representative”** means:
 - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
 - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (r) **“Plan”** means this stock option plan as from time to time amended.
- (s) **“Pre-Existing Options”** has the meaning ascribed thereto in section 4.1.
- (t) **“Regulatory Approvals”** means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation,

operation or amendment of this Plan or for the Options granted from time to time hereunder.

- (u) **“Regulatory Authorities”** means all organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.
- (v) **“Regulatory Rules”** means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
- (w) **“Securities Act”** means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.
- (x) **“Share”** or **“Shares”** means, as the case may be, one or more common shares without par value in the capital stock of the Company.
- (y) **“Subsidiary”** means a wholly-owned or controlled subsidiary corporation of the Company.
- (z) **“Triggering Event”** means:
 - (i) the proposed dissolution, liquidation or wind-up of the Company;
 - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;
 - (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more Persons or Entities;
 - (iv) a proposed Change of Control of the Company;
 - (v) the proposed sale or other disposition of all or substantially all of the assets of the Company; or
 - (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.

- (aa) “Vest” or “Vesting” means that a portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time and from time to time.

1.2 **Choice of Law**

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed solely in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of British Columbia.

1.3 **Headings**

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

SECTION 2 GRANT OF OPTIONS

2.1 **Grant of Options**

The Committee shall, from time to time in its sole discretion, grant Options to such Persons or Entities and on such terms and conditions as are permitted under this Plan.

2.2 **Record of Option Grants**

The Committee shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a) the name and address of the Option Holder;
- (b) the category (Executive, Employee or Consultant) under which the Option was granted to him, her or it;
- (c) the Grant Date and Expiry Date of the Option;
- (d) the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;
- (e) the vesting and other additional terms, if any, attached to the Option; and
- (f) the particulars of each and every time the Option is exercised.

2.3 **Effect of Plan**

All Options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Certificates issued in respect thereof do not expressly

contain such terms and conditions but instead incorporate them by reference to the Plan. The Option Certificates will be issued for convenience only and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 3 PURPOSE AND PARTICIPATION

3.1 Purpose of Plan

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

3.2 Participation in Plan

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants to whom Options are to be granted.

3.3 Limits on Option Grants

The following limitations shall apply to the Plan and all Options thereunder:

- (a) the maximum number of Options which may be granted to any one Option Holder under the Plan within any 12 month period shall be 5% of the Outstanding Issue (unless the Company has obtained disinterested shareholder approval if required by Regulatory Rules);
- (b) if required by Regulatory Rules, disinterested shareholder approval is required to the grant to Insiders, within a 12 month period, of a number of Options which, when added to the number of outstanding incentive stock options granted to Insiders within the previous 12 months, exceed 10% of the issued Shares;
- (c) with respect to section 5.1, the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option;
- (d) the maximum number of Options which may be granted to any one Consultant within any 12 month period must not exceed 2% of the Outstanding Issue; and
- (e) the maximum number of Options which may be granted within any 12 month period to Employees or Consultants engaged in investor relations activities must not exceed 2% of the Outstanding Issue and such options must vest in stages over

12 months with no more than 25% of the Options vesting in any three month period, and such limitation will not be an amendment to this Plan requiring the Option Holders consent under section 9.2 of this Plan.

3.4 **Notification of Grant**

Following the granting of an Option, the Administrator shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Certificate representing the Option so granted. In no case will the Company be required to deliver an Option Certificate to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

3.5 **Copy of Plan**

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

3.6 **Limitation on Service**

The Plan does not give any Option Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary.

3.7 **No Obligation to Exercise**

Option Holders shall be under no obligation to exercise Options.

3.8 **Agreement**

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder receives his, her or its Options pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

3.9 **Notice**

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

3.10 **Representation**

As a condition precedent to the issuance of an Option, the Company must be able to represent to the Exchange as of the Grant Date that the Option Holder is a *bona fide* Executive, Employee or Consultant of the Company or any Subsidiary.

SECTION 4 NUMBER OF SHARES UNDER PLAN

4.1 **Board to Approve Issuance of Shares**

The Committee shall approve by resolution the issuance of all Shares to be issued to Option Holders upon the exercise of Options, such authorization to be deemed effective as of the Grant Date of such Options regardless of when it is actually done. The Committee shall be entitled to approve the issuance of Shares in advance of the Grant Date, retroactively after the Grant Date, or by a general approval of this Plan.

4.2 **Number of Shares**

Subject to adjustment as provided for herein, the number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan, plus any other outstanding incentive stock options of the Company granted pursuant to a previous stock option plan or agreement, will not exceed 10% of the Outstanding Issue. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan.

4.3 **Fractional Shares**

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

SECTION 5 TERMS AND CONDITIONS OF OPTIONS

5.1 **Exercise Period of Option**

Subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option.

5.2 **Number of Shares Under Option**

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option.

5.3 **Exercise Price of Option**

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Exercise Price shall not be less than the Market Value of the Shares as of the Grant Date. The Market Value of the Shares for a particular Grant Date shall be determined as follows:

- (a) for each organized trading facility on which the Shares are listed, Market Value will be the closing trading price of the Shares on the day immediately preceding the Grant Date, and may be less than this price if it is within the discounts permitted by the applicable Regulatory Authorities;
- (b) if the Company's Shares are listed on more than one organized trading facility, the Market Value shall be the Market Value as determined in accordance with subparagraph (a) above for the primary organized trading facility on which the Shares are listed, as determined by the Committee, subject to any adjustments as may be required to secure all necessary Regulatory Approvals;
- (c) if the Company's Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee; and
- (d) if the Company's Shares are not listed on any organized trading facility, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee to be the fair value of the Shares, taking into consideration all factors that the Committee deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms' length. Notwithstanding anything else contained herein, in no case will the Market Value be less than the minimum prescribed by each of the organized trading facilities that would apply to the Company on the Grant Date in question.

5.4 **Termination of Option**

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Committee at the

time the Option is granted as set out in the Option Certificate and the date established, if applicable, in paragraphs (a) or (b) below or sections 6.2, 6.3, 6.4, or 11.4 of this Plan:

- (a) *Ceasing to Hold Office* - In the event that the Option Holder holds his or her Option as an Executive and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:
- (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
 - (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or
 - (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to hold such position; OR

- (b) *Ceasing to be Employed or Engaged* - In the event that the Option Holder holds his or her Option as an Employee or Consultant and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position, unless the Option Holder ceases to hold such position as a result of:
- (i) termination for cause;
 - (ii) resigning his or her position; or
 - (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to hold such position.

In the event that the Option Holder ceases to hold the position of Executive, Employee or Consultant for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Committee may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

5.5 **Vesting of Option and Acceleration**

The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Committee may elect, at any time, to accelerate the vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan.

5.6 **Additional Terms**

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Certificate. The Option Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 6 TRANSFERABILITY OF OPTIONS

6.1 **Non-transferable**

Except as provided otherwise in this section 6, Options are non-assignable and non-transferable.

6.2 **Death of Option Holder**

In the event of the Option Holder's death, any Options held by such Option Holder shall pass to the Personal Representative of the Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date.

6.3 **Disability of Option Holder**

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before the date which is the earlier of one year following the termination of employment, engagement or appointment as a director or officer and the applicable Expiry Date.

6.4 **Disability and Death of Option Holder**

If an Option Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Option Holder's Disability and such Option Holder dies within one year after the termination of such engagement, any Options held by such Option Holder that could have been exercised immediately prior to his or her death shall pass to the Personal Representative of such Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the death of such Option Holder and the applicable Expiry Date.

6.5 **Vesting**

Unless the Committee determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

6.6 **Deemed Non-Interruption of Engagement**

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other *bona fide* leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

SECTION 7 EXERCISE OF OPTION

7.1 **Exercise of Option**

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Administrator the required Exercise Notice, or by written notice in the case of uncertificated Shares, the applicable Option Certificate and a certified cheque or bank draft or wire transfer payable to the Company or its legal counsel in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option. Notwithstanding anything else contained herein, Options may not be exercised during a Black-Out unless the Committee determines otherwise.

7.2 **Issue of Share Certificates**

As soon as reasonably practicable following the receipt of the notice of exercise as described in section 7.1 and payment in full for the Optioned Shares being acquired, the Administrator will direct its transfer agent to issue to the Option Holder the appropriate number of Shares in either certificate form or at the election of the Option Holder, on an uncertificated basis pursuant to the

instructions given by the Option Holder to the Administrator. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall also provide a new Option Certificate for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the Shares.

7.3 **No Rights as Shareholder**

Until the date of the issuance of the certificate for the Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option, unless the Committee determines otherwise. In the event of any dispute over the date of the issuance of the Shares, the decision of the Committee shall be final, conclusive and binding.

7.4 **Tax Withholding and Procedures**

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Option Holder who wishes to exercise an Option must, in addition to following the procedures set out in section 7.1 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;
- (c) and must in all other respects follow any related procedures and conditions imposed by the Company.

SECTION 8 ADMINISTRATION

8.1 **Board or Committee**

The Plan shall be administered by the Administrator with oversight by the Committee.

8.2 **Powers of Committee**

The Committee shall have the authority to do the following:

- (a) oversee the administration of the Plan in accordance with its terms;
- (b) appoint or replace the Administrator from time to time;

- (c) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Market Value;
- (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
- (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;
- (g) do the following with respect to the granting of Options:
 - (i) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
 - (ii) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Date, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
 - (iii) subject to any necessary Regulatory Approvals and section 9.2, amend the terms of any Options;
 - (iv) determine when Options shall be granted; and
 - (v) determine the number of Shares subject to each Option;
- (h) accelerate the vesting schedule of any Option previously granted; and
- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

8.3 **Administration by Committee**

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

8.4 **Interpretation**

The interpretation by the Committee of any of the provisions of the Plan and any determination by it pursuant thereto shall be final, conclusive and binding and shall not be subject to dispute by any Option Holder. No member of the Committee or any person acting pursuant to authority

delegated by it hereunder shall be personally liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Committee and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

SECTION 9 APPROVALS AND AMENDMENT

9.1 Shareholder Approval of Plan

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of the shareholders of the Company as prescribed by the Regulatory Authority. If shareholder approval is required, any Options granted under this Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

9.2 Amendment of Option or Plan

Subject to any required Regulatory Approvals, the Committee may from time to time amend any existing Option or the Plan or the terms and conditions of any Option thereafter to be granted provided that where such amendment relates to an existing Option and it would:

- (a) materially decrease the rights or benefits accruing to an Option Holder; or
- (b) materially increase the obligations of an Option Holder; then, unless otherwise excepted out by a provision of this Plan, the Committee must also obtain the written consent of the Option Holder in question to such amendment. If at the time the Exercise Price of an Option is reduced the Option Holder is an Insider of the Company, the Insider must not exercise the option at the reduced Exercise Price until the reduction in Exercise Price has been approved by the disinterested shareholders of the Company, if required by the Exchange.

SECTION 10 CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES

10.1 Compliance with Laws

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Certificates and the certificates for the Shares or the written notice in the case of uncertificated Shares representing such Shares accordingly.

10.2 **Regulatory Approvals**

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Options to be granted without first obtaining the necessary Regulatory Approvals unless such Options are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend this Plan and the Options granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under section 9.2 of this Plan.

10.3 **Inability to Obtain Regulatory Approvals**

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

SECTION 11 ADJUSTMENTS AND TERMINATION

11.1 **Termination of Plan**

Subject to any necessary Regulatory Approvals, the Committee may terminate or suspend the Plan. Unless earlier terminated as provided in this section 11, the Plan shall terminate on, and no more Options shall be granted under the Plan after, the tenth anniversary of the date of the Exchange's acceptance of the Plan.

11.2 **No Grant During Suspension of Plan**

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

11.3 **Alteration in Capital Structure**

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this section 11.3, and without limitation, neither:

- (c) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (d) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company. Any adjustment made to any Options pursuant to this section 11.3 shall not be considered an amendment requiring the Option Holder's consent for the purposes of section 9.2 of this Plan.

11.4 **Triggering Events**

Subject to the Company complying with section 11.5 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Certificate, the Committee may, without the consent of the Option Holder or Holders in question:

- (a) cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or
- (b) cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably.

Such termination or exchange shall not be considered an amendment requiring the Option Holder's consent for the purpose of section 9.2 of the Plan.

11.5 Notice of Termination by Triggering Event

In the event that the Committee wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

11.6 Determinations to be Made By Committee

Adjustments and determinations under this section 11 shall be made by the Committee, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

SCHEDULE A

[Include legends prescribed by Regulatory Authorities, if required.]

BREATHTEC BIOMEDICAL, INC.

STOCK OPTION PLAN - OPTION CERTIFICATE

This Option Certificate is issued pursuant to the provisions of the Stock Option Plan (the “**Plan**”) of Breathtec Biomedical, Inc. (the “**Company**”) and evidences that ◆[Name of Option Holder] is the holder (the “**Option Holder**”) of an option (the “**Option**”) to purchase up to ◆ common shares (the “**Shares**”) in the capital stock of the Company at a purchase price of Cdn.\$ ◆ per Share (the “**Exercise Price**”). This Option may be exercised at any time and from time to time from and including the following Grant Date through to and including up to 4:00 p.m. local time in Vancouver, British Columbia (the “**Expiry Time**”) on the following Expiry Date:

- (a) the Grant Date of this Option is ◆, 20◆; and
- (b) subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4 of the Plan, the Expiry Date of this Option is ◆,20◆.

To exercise this Option, the Option Holder must deliver to the Administrator of the Plan, prior to the Expiry Time on the Expiry Date, an Exercise Notice, in the form provided in the Plan, or written notice in the case of uncertificated Shares, which is incorporated by reference herein, together with the original of this Option Certificate and a certified cheque or bank draft payable to the Company or its legal counsel in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This Option Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail. This Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto.

[Include legends on the certificate or the written notice in the case of uncertificated shares prescribed by Regulatory Authorities, if required.]

If the Option Holder is a resident or citizen of the United States of America at the time of the exercise of the Option, the certificate(s) representing the Shares will be endorsed with the following or a similar legend:

“The securities represented hereby have not been registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or the securities laws of any state of the united states. The holder hereof, by purchasing such securities, agrees for the benefit of the Company that such securities may be offered, sold or otherwise transferred only (a) to the Company; (b) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act; (c) in accordance with the exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder, if available, and in compliance with any applicable state securities laws; or (d) in a transaction that does not require registration under the U.S. Securities Act and any applicable state securities laws, and, in the case of paragraph (c) or (d), the seller furnishes to the Company an opinion of counsel of recognized standing in form and substance satisfactory to the Company to such effect.

The presence of this legend may impair the ability of the holder hereof to effect “good delivery” of the securities represented hereby on a Canadian stock exchange.”

BREATHTEC BIOMEDICAL, INC.
by its authorized signatory:

The Option Holder acknowledges receipt of a copy of the Plan and represents to the Company that the Option Holder is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Option Holder agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by the Regulatory Authorities. The Option Holder further acknowledges that if the Plan has not been approved by the shareholders of the Company on the Grant Date, this Option is not exercisable until such approval has been obtained.

Signature of Option Holder:

Signature

Date signed:

Print Name

Address

OPTION CERTIFICATE – SCHEDULE

[Complete the following additional terms and any other special terms, if applicable, or remove the inapplicable terms or this schedule entirely.]

The additional terms and conditions attached to the Option represented by this Option Certificate are as follows:

1. The Options will not be exercisable unless and until they have vested and then only to the extent that they have vested. The Options will vest in accordance with the following:
 - (a) ◆ Shares (◆%) will vest and be exercisable on or after the Grant Date;
 - (b) ◆ additional Shares (◆%) will vest and be exercisable on or after ◆ [date];
 - (c) ◆ additional Shares (◆%) will vest and be exercisable on or after ◆ [date];
 - (d) ◆ additional Shares (◆%) will vest and be exercisable on or after ◆ [date];

2. Upon the Option Holder ceasing to hold a position with the Company, other than as a result of the events set out in paragraphs 5.4(a) or 5.4(b) of the Plan, the Expiry Date of the Option shall be ◆ **[Insert date desired that is longer or shorter than the standard 30 days as set out in the Plan]** following the date the Option Holder ceases to hold such position.

**SCHEDULE B
BREATHTEC BIOMEDICAL, INC.
STOCK OPTION PLAN**

NOTICE OF EXERCISE OF OPTION

TO: The Administrator, Stock Option Plan
◆
◆ [Address]
(or such other address as the Company may advise)

The undersigned hereby irrevocably gives notice, pursuant to the Stock Option Plan (the “**Plan**”) of Breathtec Biomedical, Inc. (the “**Company**”), of the exercise of the Option to acquire and hereby subscribes for (**cross out inapplicable item**):

- (a) all of the Shares; or
- (b) of the Shares;

which are the subject of the Option Certificate attached hereto (**attach your original Option Certificate**). The undersigned tenders herewith a certified cheque or bank draft (**circle one**) payable to the Company or to ◆ in an amount equal to the aggregate Exercise Price of the aforesaid Shares and directs the Company to issue a certificate OR a written notice in the case of uncertificated Shares evidencing said Shares in the name of the undersigned to be issued to the undersigned [in the case of issuance of a share certificate, at the following address (**provide full complete address**)]:

The undersigned acknowledges the Option is not validly exercised unless this Notice is completed in strict compliance with this form and delivered to the required address with the required payment prior to 4:00 p.m. local time in Vancouver, BC on the Expiry Date of the Option.

DATED the day ____ of _____, 20__ .

Signature of Option Holder

APPENDIX “F”

BREATHTEC BIOMEDICAL, INC.
CHARTER OF THE AUDIT COMMITTEE

1. PURPOSE AND PRIMARY RESPONSIBILITY

1.1 This charter sets out the Audit Committee’s purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the “**Board**”) of Breathtec BioMedical, Inc. (the “**Company**”), annual evaluation and compliance with this charter.

1.2 The primary responsibility of the Audit Committee is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.

2. MEMBERSHIP

2.1 At least one of the members of the Audit Committee must be an independent director of the Company as defined in sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), provided that should the Company become listed on a more senior exchange, each member of the Audit Committee will also satisfy the independence requirements of such exchange.

2.2 The Audit Committee will consist of at least two members, all of whom shall be financially literate, provided that an Audit Committee member who is not financially literate may be appointed to the Audit Committee if such member becomes financially literate within a reasonable period of time following his or her appointment. Upon graduating to a more senior stock exchange, if required under the rules or policies of such exchange, the Audit Committee will consist of at least three members, all of whom shall meet the experience and financial literacy requirements of such exchange and of NI 52-110.

2.3 The members of the Audit Committee will be appointed annually (and from time to time thereafter to fill vacancies on the Audit Committee) by the Board. An Audit Committee member may be removed or replaced at any time at the discretion of the Board and will cease to be a member of the Audit Committee on ceasing to be an independent director.

2.4 The Chair of the Audit Committee will be appointed by the Board.

3. AUTHORITY

3.1 In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

- (a) engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or

professional advisors so retained by the Audit Committee will report directly to the Audit Committee;

- (b) communicate directly with management and any internal auditor, and with the external auditor without management involvement; and
- (c) incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

4. DUTIES AND RESPONSIBILITIES

4.1 The duties and responsibilities of the Audit Committee include:

- (a) recommending to the Board the external auditor to be nominated by the Board;
- (b) recommending to the Board the compensation of the external auditor to be paid by the Company in connection with (i) preparing and issuing the audit report on the Company's financial statements, and (ii) performing other audit, review or attestation services;
- (c) reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);
- (d) overseeing the work of the external auditor;
- (e) ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non-audit services provided to Company;
- (f) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;
- (g) ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners and staff onto the audit engagement as various audit team members' rotation periods expire;
- (h) reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("MD&A"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with IFRS and the MD&A is in compliance with appropriate regulatory requirements;

- (i) reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;
- (j) reviewing and discussing with management and the external auditor the external auditor's written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements;
- (k) reviewing and discussing with management and the external auditor all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to such information being disclosed;
- (l) reviewing the external auditor's report to the shareholders on the Company's annual financial statements;
- (m) reporting on and recommending to the Board the approval of the annual financial statements and the external auditor's report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;
- (n) satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements that such information is fairly presented;
- (o) overseeing the adequacy of the Company's system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management's remediation of identified weaknesses;
- (p) reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;
- (q) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and assessing, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board;
- (r) satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company's legal advisors on the functioning of the disclosure compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon;
- (s) resolving disputes between management and the external auditor regarding financial reporting;
- (t) establishing procedures for:

- (i) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (u) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- (v) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;
- (w) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;
- (x) establishing procedures for:
- (i) reviewing the adequacy of the Company's insurance coverage, including the Directors' and Officers' insurance coverage;
 - (ii) reviewing activities, organizational structure, and qualifications of the Chief Financial Officer ("CFO") and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board;
 - (iii) obtaining reasonable assurance as to the integrity of the Chief Executive Officer ("CEO") and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;
 - (iv) reviewing fraud prevention policies and programs, and monitoring their implementation;
 - (v) reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws and regulations having a material impact on the financial statements including:
 - (A) Tax and financial reporting laws and regulations;
 - (B) Legal withholding requirements;
 - (C) Environmental protection laws and regulations;
 - (D) Other laws and regulations which expose directors to liability; and

4.2 A regular part of Audit Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Audit Committee will regularly canvass the Audit Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Audit Committee on a timely basis.

4.3 On an annual basis the Audit Committee shall review and assess the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Audit Committee charter to the Board for its approval.

5. MEETINGS

5.1 The quorum for a meeting of the Audit Committee is a majority of the members of the Audit Committee.

5.2 The Chair of the Audit Committee shall be responsible for leadership of the Audit Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. The Chair of the Audit Committee will also maintain regular liaison with the CEO, CFO, and the lead external audit partner.

5.3 The Audit Committee will meet in camera separately with each of the CEO and the CFO of the Company at least annually to review the financial affairs of the Company.

5.4 The Audit Committee will meet with the external auditor of the Company in camera at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

5.5 The external auditor must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Audit Committee.

5.6 Each of the Chair of the Audit Committee, members of the Audit Committee, Chair of the Board, external auditor, CEO, CFO or secretary shall be entitled to request that the Chair of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders.

6. REPORTS

6.1 The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations.

6.2 The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

7. MINUTES

7.1 The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

8. ANNUAL PERFORMANCE EVALUATION

8.1 The Board will conduct an annual performance evaluation of the Audit Committee, taking into account the Charter, to determine the effectiveness of the Committee.

CERTIFICATE OF THE ISSUER

Dated: November 30, 2015

This non-offering prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Issuer as required by the securities legislation of British Columbia, Alberta, and Ontario.

“Mike Costanzo”

“Michael Sadhra”

Mike Costanzo

Michael Sadhra

Chief Executive Officer

Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF BREATHTEC BIOMEDICAL, INC.

Dated: November 30, 2015

“Kal Malhi”

“Raj Attariwala”

Kal Malhi

Raj Attariwala

Director

Director

“David Levine”

David Levine

Director

CERTIFICATE OF THE PROMOTERS

Dated: November 30, 2015

This non-offering prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously offered by the issuer as required by the securities legislation of British Columbia, Alberta, and Ontario.

“Kal Malhi”

“Andrew Cheshire”

Kal Malhi

Andrew Cheshire