

PANDA CAPITAL INC.

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PANDA ANNOUNCES PROPOSED QUALIFYING TRANSACTION WITH ABCANN MEDICINALS INC.

December 2, 2016 – Ottawa, ON – Panda Capital Inc. (NEX:PDA.H) (“Panda”) is pleased to announce that it has entered into a definitive amalgamation agreement dated effective November 30, 2016 (the **“Amalgamation Agreement”**) with ABCann Medicinals Inc. (**“ABCann”**), an arm’s length Ontario-based licensed producer of medical cannabis, pursuant to which Panda has agreed to acquire all of the securities of ABCann by way of a three-cornered amalgamation (the **“Transaction”**) between Panda, ABCann and a wholly-owned subsidiary of Panda formed for the purpose of completing the amalgamation (**“Newco”**). Pursuant to the terms of the Amalgamation Agreement, the shareholders of ABCann will receive one common share of Panda (each, a **“Panda Share”**) for each ABCann common share (each, an **“ABCann Share”**) held. In connection with the completion of the Transaction, Panda intends to change its name to **“ABCann Global Corporation”** or such other name as may be agreed by the parties.

The Transaction will result in the reverse takeover of Panda by ABCann and will constitute Panda’s Qualifying Transaction (as defined in the policies of the TSX Venture Exchange (the **“TSXV”**)). Panda and ABCann are parties dealing at arm’s length, therefore the Transaction will not be a non-arms’ length transaction under the policies of the TSXV. Upon successful completion of the Transaction, it is anticipated that Panda will be listed as a Tier 2 Industrial issuer on the TSXV.

About ABCann Medicinals Inc.

ABCann, a company incorporated under the laws of the Province of Ontario, was one of the first companies to obtain a production license under the *Marihuana for Medical Purposes Regulations*, which it received on March 21, 2014. It also obtained a sales license on December 31, 2015. Situated in Napanee, Ontario, ABCann has spent the last two years focused on changing the face of medical cannabis. ABCann intends to be the first company to have repeatable products in multiple continents and to provide standardized medical cannabis to the world. Its flagship facility contains proprietary plant growing technology, combining the concepts, systems and components to produce high yielding plants, which, in turn, can generate high quality products that are consistent from batch to batch.

ABCann grows its plants in controlled environmental chambers, where every key variable in the growing process is optimized to achieve the consistency that is needed for a standardized product. ABCann is able to control environmental and nutrient demands, tailor made for a particular strain of cannabis, without the variation that is typical when producing large quantities in less-controlled, larger rooms and greenhouse-type structures, giving ABCann the ability to produce pharmaceutical grade, plant-based medicine that can be prescribed with confidence.

ABcann has invested \$20.8 million in its current operations and international expansion plans, which include:

- a developed and skillfully managed 14,000 square foot facility in Napanee, where ABcann currently carries out its primary activities;
- the acquisition of approximately 50 acres on three adjoining parcels of land (all of which are wholly-owned, directly or indirectly, by ABcann) and the anticipated acquisition of an additional parcel of approximately 16 acres, bringing its total additional acres to 66 acres; and
- the plan to commence construction for Phase 1 development of a new 952,000 square foot facility on these new properties, with the initial buildout comprising approximately 70,000 square feet.

The current directors of ABcann are John Molloy, Ying (Jenny) Guan, Timothy Humberstone, Dennis Chadwick and Paul Lucas, all of whom are residents of Ontario. Mr. Molloy and Ms. Guan are also officers of ABcann. The controlling shareholder of ABcann is the Linda Smith Family Trust, a trust formed under the laws of the Province of Ontario, the trustee of which is Kenneth Clement, also a resident of Ontario.

Terms of the Transaction

It is anticipated that the completion of the Transaction will involve, among other things, the following steps, but the parties may agree to a different structure based on tax efficiencies and the advice of legal and financial advisors:

- certain outstanding convertible debt of ABcann will be converted into ABcann Shares;
- ABcann and Newco will amalgamate, with the amalgamated company being a wholly-owned subsidiary of Panda;
- holders of ABcann Shares will receive one Panda Share for each ABcann Share held;
- outstanding ABcann warrants, options and other convertible securities will become exercisable into Panda Shares, in accordance with the terms thereof; and
- Panda will complete a financing to raise gross proceeds of at least \$5 million, on terms to be determined, which will be disclosed in a subsequent news release (the “**Concurrent Financing**”).

As at the date hereof, there are 2,812,500 Panda Shares and 65,264,681 ABcann Shares issued and outstanding, on an undiluted basis. Certain of the Panda Shares issuable pursuant to the Transaction and the Concurrent Financing will be subject to the escrow requirements of the TSXV or hold periods as required by applicable securities laws. It is not expected that shareholder approval will be required for the Transaction under the policies of the TSXV. A summary of significant financial information with respect to ABcann will be included in a subsequent news release.

Completion of the Transaction will be subject to certain conditions, including:

- completion of satisfactory due diligence by the parties;
- Panda and ABcann obtaining the consent of any parties from whom consent to the consummation of the Transaction is required, including shareholders of ABcann, the TSXV and other applicable regulatory authorities, and the shareholders of Panda, if required;
- completion of the Concurrent Financing;
- insiders of Panda entering into applicable escrow or pooling agreement as may be required by the TSXV;
- delivery of all customary closing documentation as set out in the Amalgamation Agreement; and
- other standard closing conditions, including there being no material adverse change in relation to the business of Panda or ABcann, the representations and warranties of the parties in the Amalgamation Agreement remaining true and accurate of at the closing of the Transaction, and there being no material action, claim, demand, investigation or other proceeding in progress, pending or threatened against Panda or ABcann, which involve the reasonable likelihood of any judgment or liability against either party.

Sponsor

The Transaction will be subject to the sponsorship requirements of the TSXV, unless a waiver or exemption from the sponsorship requirement is available. If required, a sponsor will be identified at a later date and will be announced in a subsequent Panda press release.

Directors, Officers and Insiders

Upon completion of the Transaction, it is expected that all directors and officers of Panda, other than Aaron Keay who will remain as a director, will resign and be replaced by directors and officers agreed to by Panda and ABcann in accordance with the terms of the Amalgamation Agreement. Once identified, information with respect to the proposed directors and officers will be included in a subsequent news release.

Trading in Panda Shares

Trading in the Panda Shares has been halted in compliance with the policies of the TSXV, and will remain halted pending review by the TSXV and satisfaction of the conditions of the TSXV for resumption of trading. It is likely that trading in the Panda Shares will not resume prior to Closing.

General

Further details about the proposed Transaction, the Concurrent Financing and the resulting issuer will be provided in the disclosure document to be prepared and filed in connection with

the Transaction. Investors are cautioned that, except as disclosed in such disclosure document, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.

All of the information included in this news release with respect to ABcann has been provided by management of ABcann and has not been independently verified by Panda at this time.

Panda has amended the terms of its previously announced private placement of debentures such that the debentures will only convert into units of Panda in the event that the Transaction is completed. If the Transaction is not completed, the debentures will convert only into Panda Shares.

Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable pursuant to TSXV requirements, majority of the minority shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSXV has in no way passed on the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.

ON BEHALF OF THE BOARD OF DIRECTORS OF PANDA CAPITAL INC.

"Aaron Keay"

Aaron Keay
Director

For further information, please contact Aaron Keay by phone at (604) 323-6911 or by email at aaron@informcapital.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Disclaimer for Forward-Looking Information

Certain statements in this release are forward-looking statements, which reflect the expectations of management regarding Panda's proposed Qualifying Transaction and ABcann's future business plans. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Forward looking statements in this news release include statements relating to the Transaction; terms of the Transaction and the Concurrent Financing; ABcann's intention to become the first company to have repeatable products in multiple continents and to provide standardized medical cannabis to the world; the consistency of ABcann's product; and ABcann's future site development plans. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially

from those contained in the statements, including the risk that the TSXV may not approve the Transaction; that the Transaction may not be completed for any other reason; or that factors may occur which impede or prevent ABCann's future development plans. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits Panda will obtain from them. Readers are urged to consider these factors carefully in evaluating the forward-looking statements contained in this news release and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by these cautionary statements. These forward-looking statements are made as of the date hereof and Panda disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.