

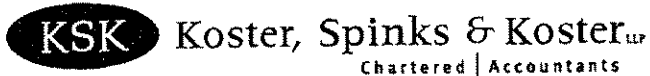
**THIS IS SCHEDULE A ATTACHED TO AND MADE A PART OF  
THE INFORMATION CIRCULAR IN CONNECTION WITH THE  
SPECIAL MEETING OF THE SHAREHOLDERS OF  
LONSDALE PUBLIC VENTURES INC. TO BE HELD ON FEBRUARY 23,  
2006, AND ANY ADJOURNMENT THEREOF**

Please see attached.

**Lonsdale Public Ventures Inc.**

Financial Statements

April 30, 2005



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## Auditors' Report

To the Directors of  
Lonsdale Public Ventures Inc.

We have audited the balance sheet of Lonsdale Public Ventures Inc. as at April 30, 2005 and the statement of cash flows for the period from the date of incorporation, September 17, 2004 to April 30, 2005. These financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements, present fairly, in all material respects, the financial position of Lonsdale Public Ventures Inc. as at April 30, 2005, the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

*Koster, Spinks & Koster LLP*

Chartered Accountants

Toronto, Ontario

May 31, 2005, except

Note 6 which is as of January 18, 2006

**Lonsdale Public Ventures Inc.**

Balance Sheet  
April 30, 2005

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**Assets**

**Current**

Cash (note 2) \$ 405,000

**Liabilities and Shareholders' Equity**

**Current**

Accounts payable and accrued liabilities \$ 6,500

**Shareholders' equity**

Share capital (note 3) 405,000

Share issue costs (6,500)

398,500

\$ 405,000

Approved by the Board:

(Signed) "David Hill" Director  
David Hill

(Signed) "Lorne Gertner" Director  
Lorne Gertner

**Lonsdale Public Ventures Inc.**  
Statement of Cash Flows  
For The Period From The Date of Incorporation,  
September 17, 2004 To April 30, 2005

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**Cash provided by (used for):**

**Financing activities**

Issuance of share capital	\$ 405,000
Share issue costs	(6,500)
Net change in non-cash working capital	6,500

**Change in cash during the period and cash, end of period** \$ 405,000

# Lonsdale Public Ventures Inc.

Notes to Financial Statements  
April 30, 2005

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## 1. Nature of business

Lonsdale Public Ventures Inc. (the "Company") was incorporated pursuant to the provisions of the *Business Corporation Act* (Ontario) on September 17, 2004 and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange Inc. ("Exchange"). The Company has no assets other than cash and proposes to identify and evaluate potential acquisitions of businesses in Canada, and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval.

The business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or participation and even if so identified and warranted, it may not be able to finance such acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Further, there is no assurance that businesses acquired will be profitable.

The Company has not carried on an active business since incorporation, accordingly these financial statements do not include a statement of operations.

## 2. Cash

The cash is held with the Company's legal counsel. The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception of an amount equal to the agent's fees, costs and commissions and no more than 30% of the gross proceeds may be used to cover prescribed costs of issuing common shares, listing and filing fees or general and administrative expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

## 3. Share capital

The share capital of the company consists of the following:

Authorized

Unlimited common shares

Issued

4,050,000 common shares

\$ 405,000

During the period, 4,050,000 common shares were issued for cash proceeds of \$405,000. These shares are subject to escrow restrictions as detailed in note 6(c).

# Lonsdale Public Ventures Inc.

Notes to Financial Statements  
April 30, 2005

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## 4. Related party transactions

Legal fees provided by a firm in which one partner  
is an officer of the Company \$ 3,000

These transactions were measured at the exchange amount and the amount is recorded as an accrued liability.

## 5. Financial instruments

### a) Fair value

The carrying value of cash and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the financial instruments.

### b) Risk

It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

## 6. Subsequent events

### a) Financing

Pursuant to a prospectus dated June 29, 2005 and an Agency Agreement dated June 29, 2005, the Company appointed Canaccord Capital Corporation (the "Agent") as its agent to offer 3,750,000 common shares for sale to the public at \$0.20 per common share subject to the terms and conditions contained in the Agency Agreement, on a commercially reasonable efforts basis. In addition to a commission of 10% of the gross proceeds of the issue, the Company granted the Agent a specific non-transferable option, expiring twenty-four months after the date of listing of the Common shares on the Exchange, to purchase 375,000 of the common shares at \$0.20 per Common share. The Agent was paid a corporate finance fee of \$10,000 and reimbursement of legal expenses in the amount of \$10,000 plus disbursements and applicable taxes.

On July 28, 2005, the Company issued 3,750,000 common shares through the above initial public offering at \$0.20 per common share for gross proceeds of \$750,000 and incurred \$182,081 of share issuance costs including the third party stock option cost of \$40,000.

### b) Stock option plan

Pursuant to resolution of the Board of Directors of the Company dated May 31, 2005, the Company established a stock option plan for the benefit of directors, officers, employees and consultants of the Company. The Company granted an aggregate of 780,000 options to purchase Common shares, which may be exercised at a price of \$0.20 per share for a period of five years from the date of grant. The stock option plan and the grant of options thereunder are subject to regulatory approval and the Escrow Agreement (note 6(c)).

# Lonsdale Public Ventures Inc.

Notes to Financial Statements  
April 30, 2005

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c) Escrow Agreement

Pursuant to an Escrow Agreement dated May 31, 2005, the common shares acquired by the original shareholders may not be traded, released, transferred or dealt with in any manner without the consent of the Exchange until the issuance of the Final Exchange Bulletin is issued that evidences the final Exchange acceptance of the Qualifying Transaction. Upon the Exchange issuing the Final Exchange Bulletin, 10% of the escrowed common shares will be releasable. An additional 15% of the escrowed Common shares will qualify for release every six months thereafter.

d) Proposed amalgamation

On October 5, 2005, an announcement was made regarding a proposed transaction between the Company and Cannasat Therapeutics Inc. ("Cannasat"). The Company and Cannasat have entered into an Amalgamation Agreement, pursuant to which Cannasat and the Company have agreed to amalgamate under the Canada Business Corporations Act and to continue as one corporation ("Amalco") with the name "Cannasat Therapeutics Inc." The completion of the proposed amalgamation will constitute the Qualifying Transaction of the Company pursuant to the policies of the Exchange and the Company will cease to be a Capital Pool Company.

Cannasat is a private research and development company committed to the development of novel cannabinoid-based prescription medicines for patients with unmet medical needs.

Pursuant to the terms of the amalgamation: (i) the holders of the common shares of the Company will receive one common share of Amalco (the "Amalco Common Share"), with a deemed value of \$0.30 per share, for every 1.194 common shares owned of the Company; (ii) the holders of the Cannasat common shares will receive three Amalco Common Shares, with a deemed value of \$0.30 per share, for each Cannasat common share owned, provided if the Cannasat Private Placement is in an amount less than \$2,362,680, then the number of Amalco Common Shares to be issued to the holders of the Cannasat common shares shall be reduced so that the total number of surplus securities, as defined by the policies of the Exchange, issued and outstanding immediately following the Amalgamation equals 50% of the total number of Amalco Common Shares then issued and outstanding; (iii) the holders of the Cannasat Class A common shares will receive three Amalco Common Shares, with a deemed value of \$0.30 per share, for each Cannasat Class A common share owned.

## Lonsdale Public Ventures Inc.

Notes to Financial Statements

April 30, 2005

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Pursuant to the amalgamation, the security holders of the Company (assuming that the options and the Agent's option are not exercised) will receive an aggregate of 6,532,664 Amalco common shares, 780,000 Amalco replacement options to acquire 653,266 Amalco common shares and 375,000 Amalco replacement Agent's options to acquire 314,070 Amalco common shares pursuant to the amalgamation in exchange for or replacement of all of the issued and outstanding securities of the Company. The security holders of Cannasat (assuming the completion of the minimum Cannasat Private Placement and that neither the Cannasat options nor the Cannasat warrants are exercised) will receive an aggregate of 54,234,761 Amalco Common Shares with a deemed value of \$0.30 per share, 1,500,000 Amalco replacement A warrants, 577,500 Amalco B warrants, 12,500 Amalco C warrants and 1,525,000 Amalco replacement options in exchange for or replacement of all of the issued and outstanding securities of Cannasat.

This proposed transaction is a capital transaction that will be accounted for as a reverse takeover that does not meet the criteria for a business combination. The transaction will be measured at the exchange amount since there will be substantive change in the Company's ownership and the exchange amount will be supported by independent evidence.

**Lonsdale Public Ventures Inc.**

Unaudited Interim Financial Statements

October 31, 2005

# Lonsdale Public Ventures Inc.

Unaudited Interim Balance Sheet  
October 31, 2005

	<b>October 31, 2005 (unaudited)</b>	<b>April 30, 2005 (audited)</b>
<b>Assets</b>		
<b>Current</b>		
Cash (note 2)	<u>\$ 1,001,737</u>	<u>\$ 405,000</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	<u>\$ 24,996</u>	<u>\$ 6,500</u>
<b>Shareholders' equity</b>		
Share capital (note 3)	1,155,000	405,000
Stock options (note 3)	158,000	-
Deficit	<u>(336,259)</u>	<u>(6,500)</u>
	<u>976,741</u>	<u>398,500</u>
	<u>\$ 1,001,737</u>	<u>\$ 405,000</u>

Approved by the Board

(Signed) "David Hill" \_\_\_\_\_ Director

(Signed) "Lorne Gertner" \_\_\_\_\_ Director

## Lonsdale Public Ventures Inc.

Unaudited Interim Statement of Loss and Deficit  
For The Period From May 1, 2005 To October 31, 2005

	<b>For the three months ended October 31, 2005</b>	<b>For the six months ended October 31, 2005</b>
<b>Revenues</b>		
Interest income	\$ 2,430	\$ 2,430
<b>Expenses</b>		
Employee stock options	-	118,000
Professional fees	3,000	6,000
General and administration	2,374	2,374
	<u>5,374</u>	<u>126,374</u>
<b>Net loss for the period</b>	(2,944)	(123,944)
<b>Deficit, beginning of period</b>	(309,581)	(6,500)
Share issue costs (note 3)	<u>(23,734)</u>	<u>(205,815)</u>
<b>Deficit, end of period</b>	<u>\$ (336,259)</u>	<u>\$ (336,259)</u>
<b>Loss per share (note 4)</b>		
Basic	<u>\$ 0.00</u>	<u>\$ (0.02)</u>
Diluted	<u>\$ 0.00</u>	<u>\$ (0.02)</u>

## Lonsdale Public Ventures Inc.

Unaudited Interim Statement of Cash Flows  
For The Period From May 1, 2005 To October 31, 2005

	<b>For the three months ended October 31, 2005</b>	<b>For the six months ended October 31, 2005</b>
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (2,944)	\$ (123,944)
Item not affecting cash:		
Stock options	-	158,000
Net decrease (increase) in non-cash working capital	<u>(20,354)</u>	<u>18,496</u>
	<u>(23,298)</u>	<u>52,552</u>
<b>Financing activities</b>		
Issuance of share capital	-	750,000
Share issue costs	<u>(23,734)</u>	<u>(205,815)</u>
	<u>(23,734)</u>	<u>544,185</u>
Change in cash during the period	(47,032)	596,737
Cash, beginning of period	<u>1,048,769</u>	<u>405,000</u>
<b>Cash, end of period</b>	<u>\$ 1,001,737</u>	<u>\$ 1,001,737</u>

# Lonsdale Public Ventures Inc.

Notes to Unaudited Financial Statements  
October 31, 2005

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## Nature of business

Lonsdale Public Ventures Inc. (the "Company") was incorporated pursuant to the provisions of the *Business Corporation Act* (Ontario) on September 17, 2004 and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange Inc. ("Exchange"). The Company has no assets other than cash and proposes to identify and evaluate potential acquisitions of businesses in Canada, and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval.

The business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or participation and even if so identified and warranted, it may not be able to finance such acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Further, there is no assurance that businesses acquired will be profitable.

## 1. Significant accounting policies

These statements have been prepared in accordance with generally accepted accounting principles in Canada. The results of operations for the interim period are not necessarily indicative of the results of operations for the full year. The significant accounting policies are as follows:

### a) Stock-based compensation

The Company accounts for stock based compensation to employees and non-employees using the fair value based method. Consideration paid by employees on the exercise of stock options is recorded as share capital.

### b) Use of estimates

The preparation of these unaudited financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the amounts reported in the financial statements and notes hereto. Actual results may differ from those estimates.

### c) Loss per share

Loss per share is calculated based on the weighted average number of shares outstanding during the period. The treasury stock method is used for the calculation of the dilutive effect of stock options.

### d) Revenue recognition

Interest income is recognized on an accrual basis.

## Lonsdale Public Ventures Inc.

Notes to Unaudited Financial Statements  
October 31, 2005

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### 2. Cash

The cash is held with the Company's legal counsel. The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception of an amount equal to the agent's fees, costs and commissions and no more than 30% of the gross proceeds may be used to cover prescribed costs of issuing common shares, listing and filing fees or general and administrative expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

### 3. Share capital

The share capital of the Company consists of the following:

	<u>October 31, 2005</u>	<u>April 30, 2005</u>
Authorized		
Unlimited common shares		
Issued		
7,800,000 common shares (April 30, 2005 - 4,050,000)	\$ 1,155,000	\$ 405,000

On July 28, 2005, the Company issued 3,750,000 common shares through an initial public offering at \$0.20 per common share for gross proceeds of \$750,000 and incurred \$205,815 of share issuance costs including the third party stock option cost of \$40,000.

Stock options are comprised of the following components:

	<u>October 31, 2005</u>		<u>April 30, 2005</u>	
	Number	Exercise Price	Number	Exercise Price
Directors and employees	780,000	\$ 156,000	-	\$ -
Non-employees	375,000	75,000	-	-
	<u>1,155,000</u>	<u>\$ 231,000</u>	<u>-</u>	<u>\$ -</u>

## Lonsdale Public Ventures Inc.

Notes to Unaudited Financial Statements  
October 31, 2005

- (i) The Company has a stock option plan which provides for the issuance of stock options to directors, officers, employees and consultants to the Company, which expire five years from the date of grant, at prices not less than the fair market value of the common shares on the date of grant. The number of common shares reserved for issuance under the stock option plan will not exceed 10 percent of the issued and outstanding common shares. The aggregate exercise price for employee options outstanding at October 31, 2005 was \$156,000 (April 30, 2005 - \$Nil). The options expire in 2010.

A summary of changes in the stock option plan for the periods ended October 31, 2005 and April 30, 2005 are as follows:

	Number of Options		Weighted average exercise price	
	October 31, 2005	April 30, 2005	October 31, 2005	April 30, 2005
Opening balance	-	-	\$ -	\$ -
Granted	780,000	-	0.20	-
Closing balance	780,000	-	\$ 0.20	\$ -
Exercisable, end of period	780,000	-	\$ 0.20	\$ -

Exercise price	Number outstanding at October 31, 2005	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable at October 31, 2005	Weighted average exercise price
\$0.20	780,000	5.00	\$0.20	780,000	\$0.20

For the period ended April 30, 2005, the Company did not have a stock option plan for employees.

The Company determined the fair value of employee stock option grants using the Black-Scholes model with the following assumptions on a weighted average basis:

	October 31, 2005	
Risk free rate of return	2.95 %	-
Volatility	100.00 %	-
Expected term, in years	5	-

## Lonsdale Public Ventures Inc.

Notes to Unaudited Financial Statements  
October 31, 2005

- (ii) The Company also had stock options outstanding to a third party at October 31, 2005. The exercise price for third-party stock options outstanding at October 31, 2005 was \$75,000 (April 31, 2005 - \$Nil). These options expire in 2007. A summary of changes in the stock options to the third party for the period ending October 31, 2005 is as follows:

	Number of Options		Weighted average exercise price	
	October 31, 2005	April 30, 2005	October 31, 2005	April 30, 2005
Opening balance	-	-	\$ -	\$ -
Granted	375,000	-	0.20	-
Closing balance	375,000	-	\$ 0.20	\$ -
Exercisable, end of period	375,000	-	\$ 0.20	\$ -

For the period ended April 30, 2005, the Company did not have any stock options outstanding to third parties.

The Company determined the fair value of third party stock option grants using the Black-Scholes model with the following assumptions on a weighted average basis:

	October 31, 2005	
Risk free rate of return	2.95 %	-
Volatility	100.00 %	-
Expected term, in years	2.0	-

#### 4. Loss per share

The following is a reconciliation of the numerator and denominator of loss per share computations:

	For the three months ended October 31, 2005	For the six months ended October 31, 2005
Net loss	\$ (2,944)	\$ (123,944)
Weighted average number of common shares	7,800,000	6,006,522
Effect of dilutive securities	55,000	28,695
Diluted weighted average shares outstanding	7,855,000	6,035,217
Loss per share		
Basic	\$ 0.00	\$ (0.02)
Diluted	\$ 0.00	\$ (0.02)

# **Lonsdale Public Ventures Inc.**

Notes to Unaudited Financial Statements  
October 31, 2005

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## **5. Financial instruments**

### a) Fair value

The carrying value of cash and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the financial instruments.

### b) Risk

It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

## **6. Proposed amalgamation**

On October 5, 2005, an announcement was made regarding a proposed transaction between the Company and Cannasat Therapeutics Inc. ("Cannasat"). The Company and Cannasat have entered into an Amalgamation Agreement, pursuant to which Cannasat and the Company have agreed to amalgamate under the Canada Business Corporations Act and to continue as one corporation ("Amalco") with the name "Cannasat Therapeutics Inc." The completion of the proposed amalgamation will constitute the Qualifying Transaction of the Company pursuant to the policies of the Exchange and the Company will cease to be a Capital Pool Company.

Cannasat is a private research and development company committed to the development of novel cannabinoid-based prescription medicines for patients with unmet medical needs.

Pursuant to the terms of the amalgamation: (i) the holders of the common shares of the Company will receive one common share of Amalco (the "Amalco Common Share") for every 1.194 common shares owned of the Company; (ii) the holders of the Cannasat common shares will receive three Amalco Common Shares with a deemed value of \$0.30 per share for each Cannasat common share owned, provided if the Cannasat Private Placement is in an amount less than \$2,362,680, then the number of Amalco Common Shares to be issued to the holders of the Cannasat common shares shall be reduced so that the total number of surplus securities, as defined by the policies of the Exchange, issued and outstanding immediately following the Amalgamation equals 50% of the total number of Amalco Common Shares then issued and outstanding; (iii) the holders of the Cannasat Class A common shares will receive three Amalco Common Shares with a deemed value of \$0.30 per share for each Cannasat Class A common share owned.

## **Lonsdale Public Ventures Inc.**

Notes to Unaudited Financial Statements  
October 31, 2005

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Pursuant to the amalgamation, the security holders of the Company (assuming that the options and the Agent's option are not exercised) will receive an aggregate of 6,532,664 Amalco common shares, 780,000 Amalco replacement options to acquire 653,266 Amalco common shares and 375,000 Amalco replacement Agent's options to acquire 314,070 Amalco common shares pursuant to the amalgamation in exchange for or replacement of all of the issued and outstanding securities of the Company. The security holders of Cannasat (assuming the completion of the minimum Cannasat Private Placement and that neither the Cannasat options nor the Cannasat warrants are exercised) will receive an aggregate of 54,234,761 Amalco Common Shares with a deemed value of \$0.30 per share, 1,500,000 Amalco replacement A warrants, 577,500 Amalco B warrants, 12,500 Amalco C warrants and 1,525,000 Amalco replacement options in exchange for or replacement of all of the issued and outstanding securities of Cannasat.

