

A copy of this amended and restated preliminary prospectus (this "Prospectus") has been filed with the securities regulatory authorities in each of the provinces of Canada, except Québec, but has not yet become final for the purpose of the sale of securities. Information contained in this Prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the final prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities offered under this Prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States of America, its territories and possessions, any state of the United States or the District of Columbia (collectively, the "United States") or "U.S. persons" (as such term is defined in Regulation S under the U.S. Securities Act ("U.S. Persons")) unless exemptions from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws are available. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in the United States or to, or for the account or benefit of, persons in the United States or U.S. Persons. See "Plan of Distribution".

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of CanadaBis Capital Inc. at 255C Clearview Drive, Red Deer, County, Alberta, Canada T4E 3B6 (1-888-784-4621 or 1-888-STIGMA1) and are also available electronically at www.sedar.com.

AMENDED AND RESTATED PRELIMINARY PROSPECTUS
(amending and restating the amended and restated preliminary prospectus
dated June 8, 2021 and the preliminary prospectus dated June 1, 2021)

New Issue

September 7, 2021



CanadaBis Capital Inc.

Minimum Public Offering: \$2,000,000 / 15,384,615 Units

Maximum Public Offering: \$5,000,000 / 38,461,538 Units

Price: \$0.13 per Unit

We are hereby qualifying pursuant to this Prospectus the distribution of a minimum of 15,384,615 units ("Units") (the "Minimum Offering") and a maximum of 38,461,538 Units (the "Maximum Offering" and collectively with the Minimum Offering, the "Offering") at a price of \$0.13 per Unit (the "Offering Price"). Each Unit consists of one common share ("Unit Share") and one common share purchase warrant ("Warrant"). Each Warrant will entitle the holder thereof to purchase one common share (each a "Warrant Share") at an exercise price of \$0.25 per Warrant Share at any time until 5:00 p.m. (Toronto time) on the date that is 36 months following the Closing Date (as defined herein), subject to adjustment in certain events. See "Plan of Distribution" and "Description of the Securities being Distributed".

The Offering will be made on a "commercially reasonable efforts" agency basis pursuant to the terms and conditions of an agency agreement (the "Agency Agreement") to be entered into between us and Leede Jones Gable Inc., as sole -bookrunner and lead agent (the "Lead Agent"), pursuant to which the Lead Agent may syndicate the Offering to a selling group or sub-agents (together with the Lead Agent, the "Agents"). The terms of the Offering, including the Offering Price were determined by arm's length negotiation with the Lead Agent. The Units will be offered in each of the provinces of

Canada, other than Québec (the “**Offering Jurisdictions**”). Subject to applicable law, the Units may also be offered and sold in the United States and in other such jurisdictions as we may approve. See “*Plan of Distribution*”.

Our common shares (“**Common Shares**”) are listed and posted for trading on the TSXV under the symbol “CANB”. We have applied to list the Unit Shares, Warrant Shares, Over-Allotment Shares, Over-Allotment Warrant Shares, Agent’s Warrant Shares and Agent’s Unit Warrant Shares (each as defined herein) on the TSXV. Listing will be subject to our fulfillment of all the requirements of the TSXV. On September 3, 2021, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$0.12 per Common Share. **There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants acquired hereunder. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation.** See “*Risk Factors*”.

	<u>Price to the Public</u>	<u>Agents’ Fee⁽¹⁾⁽²⁾</u>	<u>Net Proceeds⁽³⁾</u>
Per Unit	\$0.13	\$0.0091	\$0.1209
Minimum Offering	\$2,000,000	\$140,000	\$1,460,000
Maximum Offering ⁽⁴⁾	\$5,000,000	\$350,000	\$4,250,000

Notes:

- (1) Pursuant to the Agency Agreement, the Agents will receive a fee (the “**Agents’ Fee**”) equal to 7.0% of the gross proceeds of the Offering (including in respect of any exercise of the Over-Allotment Option (as defined herein) if any) and the Concurrent Private Placement (as defined herein). The Agents’ Fee shall be payable in cash.
- (2) We shall provide a president’s list of investors (the “**President’s List**”) that may subscribe for up to \$500,000 of the Offering. The compensation to the Agents on these subscriptions will be reduced to a 3.0% Agents’ Fee and 3.0% Agents’ Warrants (as defined herein). If the entire President’s List is placed the total Agents’ Fee will be reduced by \$20,000 to \$120,000 (min) / \$330,000 (max), resulting in net proceeds of \$1,440,000 (min) to \$4,230,000 (max) (after deducting the reduced Agent’s Fee and expenses of the Offering, estimated to be approximately \$400,000 and rounded to the nearest whole dollar).
- (3) After deducting the Agents’ Fee and the expenses of the Offering (estimated to be approximately \$400,000, including listing fees and the reasonable expenses of the Agents incurred in connection with the Offering), which will be paid by us from the net proceeds of the Offering. The total net proceeds to us of the Offering and the Concurrent Private Placement, after deducting the Agents’ Fee and the expenses of the Offering (approximately \$400,000). We have also agreed to reimburse the Agents for their reasonable expenses in connection with the Offering and the Concurrent Private Placement. The Agents will also be entitled to be issued Agents’ Warrants (as defined herein) equal to 7.0% of the number of Placement Units (as defined herein) issued under the Concurrent Private Placement in the same manner as those to be issued pursuant to the Offering.
- (4) We have granted the Agents an option (the “**Over-Allotment Option**”), exercisable, in whole or in part, at the sole discretion of the Agents, at any time for a period of 30 days from and including the Closing Date, to purchase from us up to an additional 15% of the Units sold under the Offering (the “**Over-Allotment Units**”) at the Offering Price, with each Over-Allotment Unit consisting of one Common Share (each an “**Over-Allotment Share**”) and one Common Share purchase warrant (an “**Over-Allotment Warrant**”), to cover the Agents’ over-allocation position, if any, and for market stabilization purposes. Each Over-Allotment Warrant will entitle the holder thereof to purchase one Common Share (each an “**Over-Allotment Warrant Share**”) at an exercise price of \$0.25 per Over-Allotment Warrant Share at any time until 5:00 p.m. (Toronto time) on the date that is 36 months following the Closing Date, subject to adjustment and acceleration on the same terms as the Warrants. If the Over-Allotment Option is exercised in full for Over-Allotment Units, the total “Price to the Public”, “Agents’ Fee” and “Net Proceeds” will be approximately \$5,750,000, \$402,500 and \$4,947,500 respectively (assuming no President’s List purchasers and after deduction expenses of the Offering, estimated to be \$400,000). This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units forming part of the Agents’ over-allocation position acquires those Over-Allotment Units under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Numbers are rounded to the nearest whole dollar. See “*Plan of Distribution*”.

Unless the context otherwise requires, when used herein, all references to “Units”, “Unit Shares”, “Warrants” and “Warrant Shares” include the Over-Allotment Units and Placement Units, Agents’ Warrant Units (as defined herein), Unit Shares, Agents’ Warrant Shares (as defined herein), Warrants, Agents’ Unit Warrants (as defined herein), Warrant Shares and Agents’ Unit Warrant Shares (as defined herein), as applicable, that may be issued pursuant to the exercise of the Over-Allotment Option and references to the “Offering” includes the Over-Allotment Option, if and to the extent exercised.

The following table sets out the number of securities that may be issued by us pursuant to the Over-Allotment Option and the Agents' Warrants:

Agents' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	5,769,230 Over-Allotment Units ⁽¹⁾	Up to 30 days from and including the Closing Date (as defined herein)	\$0.13 per Over-Allotment Unit
Agents' Warrants	3,096,154 Agents' Warrants ⁽²⁾	36 months after the Closing Date (as defined herein)	\$0.13 per Agents' Warrant

Notes:

- (1) Assuming the Over-Allotment Option is exercised in full.
- (2) Assuming the Over-Allotment Option is exercised in full and no President's List purchasers. In addition to the Agents' Fee, pursuant to the Agency Agreement, the Agents will receive warrants (the "**Agents' Warrants**") equal to 7.0% of the aggregate number of Units issued under the Offering (including any Over-Allotment Units issued upon exercise of the Over-Allotment Option, if any) and the Concurrent Private Placement. The Agents' Warrants shall be exercisable into Units (the "**Agents' Warrant Units**") at the Offering Price for a period of 36 months from the Closing Date, subject to customary adjustment in certain events. Each Agents' Warrant Unit shall be comprised of one Common Share (each an "**Agents' Warrant Share**") and one Common Share purchase warrant (an "**Agents' Unit Warrant**"). Each Agents' Unit Warrant will entitle the holder thereof to purchase one Common Share (each an "**Agents' Unit Warrant Share**") at an exercise price of \$0.25 per Agents' Unit Warrant Share at any time until 5:00 p.m. (Toronto time) on the date that is 36 months following the Closing Date, subject to customary adjustment on the same terms as the Warrants. This Prospectus also qualifies the issuance of the Agents' Warrants (including in respect of any Over-Allotment Units issuable in respect of any exercise of the Over-Allotment Option). See "*Plan of Distribution*".

The Offering is not underwritten or guaranteed by any person. The Agents, as principals, conditionally offer the Units for sale on a commercially reasonable efforts basis and subject to prior sale, if, as and when issued by us in accordance with the conditions contained in the Agency Agreement referred to under "*Plan of Distribution*", and subject to the approval of certain legal matters by Dentons Canada LLP, on our behalf, and by McCarthy Tétrault LLP, on behalf of the Agents

Subject to applicable laws and in connection with this Offering, the Agents may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market in accordance with applicable stabilization rules. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the Agents reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to occur before the end of September, 2021, or such other date as we may agree with the Lead Agent (the "**Closing Date**"), but in any case no later than 42 days after the date a receipt is issued for the (final) short form prospectus to be filed in respect of this Offering. It is anticipated that the Unit Shares and Warrants comprising the Units will be registered in the name of CDS & Co. ("**CDS**") or its nominee (subject to certain exceptions), and will be deposited with CDS at the closing of the Offering on the Closing Date. A purchaser of Units (subject to certain exceptions) pursuant to the Offering will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS participant. No definitive certificates will be issued unless specifically requested or required. See "*Plan of Distribution*".

In addition to the Offering, pursuant to subscription agreements (the "**Subscription Agreements**") dated September 2, 2021, Plant-Based Investment Corp. (the "**Investor**") has agreed to purchase, on a prospectus-exempt basis, 11,538,462 Units (the "**Placement Units**") at the Offering Price for aggregate gross proceeds of approximately \$1,500,000 (the "**Concurrent Private Placement**"). Each Placement Unit shall be comprised of one Common Share and one Warrant. Closing of the Concurrent Private Placement is scheduled to occur in two equal tranches of \$750,000. Pursuant to the Subscription Agreements, the first tranche shall close within two business days following receipt of the conditional approval of the TSXV for the Concurrent Private Placement and the second tranche will close concurrently with the closing of the Offering and is conditional upon the execution of the Observer Rights Agreement. This Prospectus does not qualify the distribution of the Placement Units issued pursuant to the Concurrent Private Placement. The Common Shares and Warrants comprising the Placement Units will be subject to a statutory four month hold period. We have applied to list the Unit Shares, Warrant Shares, Agent's Warrant Shares and Agent's Unit Warrant Shares that will be issued pursuant to the Concurrent Private Placement on the TSXV. Listing will be subject to our fulfillment of all the requirements of the

TSXV. The Warrants will not be listed on any stock exchange. See "*Description of Business – Recent Developments*". The Lead Agent acted as selling agent in the Concurrent Private Placement and will be paid fees on the gross proceeds of the issuance of the Placement Units consistent with the Agents' Fee being paid to the Agents in connection with the Offering and will receive Agents' Warrants with respect to the Placement Units consistent with the Agents' Warrants being paid to the Agents in connection with the Offering. See "*Plan of Distribution - Concurrent Private Placement*".

An investment in the Units is highly speculative and involves a high degree of risk, and should only be made by persons who can afford the total loss of their investment. Investors should carefully consider the risk factors described or incorporated by reference in this Prospectus before purchasing the Units. Prospective investors are advised to consult their legal counsel and other professional advisors in order to assess income tax, legal and other aspects of the investment. See "*Cautionary Note Regarding Forward Looking Statements*" and "*Risk Factors*".

Prospective investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, territorial, local, foreign and other tax consequences of acquiring, holding or disposing of Units. See "*Certain Canadian Federal Income Tax Considerations*".

Unless otherwise indicated, all references to "\$", "C\$" or "dollars" in this Prospectus refer to Canadian dollars and all references to "US\$" in this Prospectus refer to United States dollars.

Our head office and registered office is located at 255C Clearview Drive, Red Deer County, Alberta, Canada T4E 3B6.

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS

In this Prospectus, unless the context otherwise requires, references to “we”, “us”, “our”, “CanadaBis” or the “Company”, refer to CanadaBis Capital Inc., either alone or together with its subsidiaries, as the context requires.

Investors should rely only on information contained in this Prospectus or incorporated by reference herein. Neither we nor the Agents have authorized anyone to provide investors with different or additional information. If anyone provides the reader with different or additional information, the reader should not rely on it. Neither we nor the Agents are making an offer to sell the Units in any jurisdiction where the offer or sale is not permitted. Investors should assume that the information contained in this Prospectus or in any document incorporated or deemed to be incorporated by reference in this Prospectus is accurate only as of the respective date of the document in which such information appears, regardless of the time of delivery of this Prospectus or of any sale of the Units. Our business, financial condition, results of operations and prospects may have changed since those dates. We do not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws.

Information contained in this Prospectus should not be construed as legal, tax or financial advice and readers are urged to consult with their own professional advisors in connection therewith.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus, including any information incorporated by reference, contains statements that, to the extent that they are not historical fact, may constitute “forward-looking information” or “forward-looking statements” within the meaning of applicable securities legislation (collectively, “**forward-looking statements**”). Often, but not always, forward-looking statements can be identified by the use of words such as “predicts”, “projects”, “targets”, “plans”, “expects”, “does not expect”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipate” or “does not anticipate”, “believe”, “intend” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative or grammatical variation thereof or other variations thereof, or comparable terminology have been used to identify forward-looking statements. Forward-looking statements are provided as of the date of this Prospectus, or the date of the applicable document incorporated by reference, and we do not intend, and do not assume any obligation, to update any forward-looking statements, except as required by law.

Forward-looking statements may include, but are not limited to, statements with respect to:

- the anticipated Closing Date;
- the listing on the TSXV of the Unit Shares, the Warrant Shares, the Agents’ Warrant Shares and the Agents’ Unit Warrant Shares;
- the completion of the Concurrent Private Placement;
- the anticipated use of the net proceeds of the Offering;
- the projected sales of our products in Ontario;
- the expected revenue from our tolling agreements;
- our anticipated future burn rate;
- the cost per sales per product;
- the terms of the Offering (including the manner of distribution) and the potential exercise of the Over-Allotment Option;

- the terms of the Concurrent Private Placement;
- financial and other projections, future plans, objectives, performance, revenues, growth, profits or operating expense;
- effect of the novel coronavirus (“**COVID-19**”) pandemic on our ability to carry on business;
- our ability to have positive cash flow in future quarters;
- our ability to bring our outdoor cultivation acreage to licensing phase;
- the costs of outdoor cultivation;
- our plans to develop new products and bring new products to market;
- the performance of our business and operations;
- the intention to grow our business, operations and potential activities;
- the expansion of our facilities, the costs and receipt of approval from Health Canada to complete such expansion and increase production and sale capacity;
- the expected growth in the number of recreational users using our products or cannabis;
- the expected growth in our cannabis oil extraction capacity;
- the number of grams of cannabis and the amount of cannabis oil extract related products used by each customer;
- the methods used by us to deliver cannabis and cannabis oil extract related products;
- the competitive conditions of the industry;
- the applicable laws, regulations and any amendments thereof;
- our competitive and business strategies;
- the grant and impact of any licence or supplemental licence to conduct activities with cannabis and/or cannabis oil extracts or any amendments thereof;
- our ability to enter into and maintain strategic arrangements with distributors, retailers and other partners and the potential benefits of such arrangements; and
- future plans, objectives or economic performance, or the assumption underlying any of the foregoing.

Such forward-looking statements, made as of the date hereof, reflect our current views with respect to future events and are based on information currently available to us and are subject to and involve certain known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, our performance or achievements to be materially different from any future results, performance or achievements expressed in or implied by such forward-looking statements.

With respect to forward-looking statements contained in this Prospectus, we have made assumptions regarding, among other things:

- the success of our business strategy;
- the ability to maintain licenses and necessary approvals in order to cultivate cannabis at the Facility (as defined herein);
- ability to sell cannabis products;
- our ability to remain a first-to-market BHO concentrate manufacturer;
- impact of increasing competition;
- ability to keep pace with consumer demand and changing consumer preferences;
- ability to protect our intellectual property;

- timing and amounts of capital expenditures;
- operating costs;
- government regulations, including future legislative and regulatory developments involving recreational and medical cannabis and the timing thereof;
- effects of regulation by governmental entities;
- changes to laws regarding the recreational and medical use of cannabis and the impact on our business strategy;
- demand for cannabis products and corresponding forecasted increases in revenues;
- size of the recreational and medical cannabis markets in Canada;
- legislative and regulatory environments of the jurisdictions where we carry on business;
- our continued ability to source quality feedstock product for our extraction business lines at economic prices;
- our ability to obtain and retain qualified staff, services, supplies and equipment in a timely and cost-efficient manner;
- our other competitive advantages;
- conditions in general economic and financial markets; and
- our ability to obtain additional financing on satisfactory terms.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. These risks, uncertainties, assumptions and other factors should be considered carefully, and prospective investors and readers should not place undue reliance on the forward-looking statements.

These risks, uncertainties, assumptions and other factors include, but are not limited to: the risks and factors set out in this Prospectus and the documents incorporated by reference herein, including the risk factors set out under “*Risk Factors*” below and in the section entitled “Risk Factors” in our annual information form dated February 5, 2021 in respect of our financial year ended July 31, 2020 (the “**Annual Information Form**”); risks posed by the economic and political environments in which we operate and intend to operate; market instability due to the COVID-19 pandemic; risks related to our credit facility arrangements; we have incurred losses in recent periods and may continue to incur losses in the future; the potential for losses arising from the expansion of operations into new markets; increased competition; the fact that our business segments are heavily regulated; the evolving regulatory regime and the uncertainty that exists regarding the impact of the regime on our business; potential involvement in regulatory or agency proceedings, investigations and audits; potential government policy changes or shifts in public opinion; maintaining compliance with evolving environmental, health and safety laws; potential for adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment; constraints on marketing of products; competitive conditions, consumer tastes, patient requirements and spending patterns remain relatively unknown; assumptions regarding market trends and the expected demand and desires for our products; our ability to keep pace with the rapidly changing industry; violations of laws and regulations could result in repercussions; potential increases in material and labour costs; potential for delays in obtaining, or restructuring conditions imposed by, regulatory approvals; the inability to retain and attract employees and key personnel; the potential to experience difficulty developing new products and remaining competitive; reliance on third-party distributors; ability to generate profit; the cost of our key inputs is unpredictable; the ability to comply with laws relating to privacy, data protection, and consumer protection; potential for information systems security threats; reliance on key suppliers and skilled labour; ability to effectively implement quality control systems; the potential for conflicts of interest to arise among key stakeholders;

ability to sustain pricing models; the failure to adequately protect intellectual property; ability to successfully identify or complete future acquisitions; a failure to adequately manage future growth; ability to effectively protect personal information; prevention of fraudulent or illegal activities by employees, contractors or consultants; exposure to product recalls, liability claims, regulatory action and litigation based on products; our financial statements have been prepared on a going concern basis; interruptions or changes in the availability or economics of our supply chain; adverse market conditions; and failure to satisfy ongoing regulatory requirements. These factors should not be considered exhaustive. See the section entitled "*Risk Factors*" below, in the section entitled "*Risk Factors*" in the Annual Information Form and in the other documents incorporated by reference herein, for additional risk factors that could cause results to differ materially from forward-looking statements.

This Prospectus also contains future-oriented information and financial outlook information (collectively "**FOFI**") about our prospective results from operations, expenditures and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this Prospectus was provided for the purpose of describing the effect of the Offering and the Concurrent Private Placement on our business operations. We disclaim any intention or obligation to update or revise any FOFI contained in this Prospectus, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this Prospectus should not be used for purposes other than for which it is disclosed herein. See "*Risk Factors*".

Any forward-looking statement speaks only as of the date on which such statement is made, and we disclaim any intent or obligation to update publicly or otherwise revise any forward-looking statement or information or statements to reflect information, events, results, circumstances or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law including securities laws. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such fact on our business 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 statements.

Certain of the forward-looking statements contained herein concerning cannabis, our general expectations related thereto, and our business and operations are based on our estimates prepared using data from publicly available governmental sources, as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which we believe to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While we are not aware of any misstatement regarding any industry or government data presented herein, the current cannabis industry involves risks and uncertainties that are subject to change based on various factors. It is not possible for management to predict all such factors and to assess in advance the impact of each such factor on our business 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. We provide no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. **Readers are cautioned that actual future results may differ materially from management's current expectations and the forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are expressly qualified in their entirety by this cautionary statement.**

Investors are cautioned not to put undue reliance on forward-looking statements and are urged to read our filings with Canadian securities regulatory agencies, which can be viewed online under

our profile on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com.

MARKET AND INDUSTRY DATA

Certain information in this Prospectus or in the documents incorporated by reference herein is obtained from third party sources (including industry publications, surveys and forecasts), including public sources and management studies and estimates. There can be no assurance as to the accuracy or completeness of such information.

Unless otherwise indicated, our estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from its internal research, and include assumptions made by us which we believe to be reasonable based on its knowledge of the industry and markets in which it operates. Although we believe these sources to be generally reliable, market and industry data are subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process, and other limitations and uncertainties inherent in any statistical survey. Although believed to be reliable, we have not independently verified any of the data from third party sources unless otherwise stated.

While we believe the market position, market opportunity, and market share information included in this Prospectus are generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry and markets in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the heading “*Cautionary Note Regarding Forward-Looking Statements*” and “*Risk Factors*” in this Prospectus and the Annual Information Form.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, all references to “\$”, “C\$” or “dollars” in this Prospectus refer to Canadian dollars, which is our functional currency.

Our consolidated financial statements incorporated herein by reference are reported in Canadian dollars and are prepared in accordance with International Financial Reporting Standards (“IFRS”).

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained from us on request and without charge at 255C Clearview Drive, Red Deer County, Alberta, Canada T4E 3B6, or can be requested by telephone at 1-888-784-4621 or 1-888-STIGMA1, and are also available electronically under our profile on SEDAR at www.sedar.com. Our filings through SEDAR are not incorporated by reference in this Prospectus except as specifically set out herein.

The following documents are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (1) the Annual Information Form;
- (2) statement of executive compensation Form 51-102F6V for the year ended July 31, 2020;

- (3) our amended unaudited interim consolidated financial statements for the three and nine months ended April 30, 2021 and 2020;
- (4) our management's discussion and analysis for the three and nine months ended April 30, 2021 and 2020;
- (5) the material change report filed on April 7, 2021 with respect to our strategic agreement with Sundial Growers Inc.;
- (6) the material change report filed on February 26, 2021 with respect to an issuance of Common Shares;
- (7) the material change report filed on December 15, 2020 related to securing its federal cultivation and processing licence as well as the appointment of Mr. Chana as Chief Financial Officer;
- (8) our consolidated financial statements for the years ended July 31, 2020 and 2019;
- (9) our refiled management's discussion and analysis for the year ended July 31, 2020;
- (10) the material change report filed on September 14, 2020 related the closing of a non-brokered private placement of Common Shares;
- (11) our management information circular dated December 9, 2019, prepared in connection with an annual and special meeting of shareholders held on January 15, 2020;
- (12) our investor presentation dated June 1, 2021;
- (13) the amended and restated term sheet dated June 8, 2021 in respect of the Offering; and
- (14) the material change report dated June 3, 2021, and amended on June 7, 2021 in respect of the Offering and the New Credit Facility (as defined herein).

A reference to this Prospectus includes a reference to any and all documents incorporated by reference in this Prospectus. Any document of the type referred to above (excluding confidential material change reports and excluding those portions of documents that are not required pursuant to National Instrument 44-101 - *Short Form Prospectus Distributions* ("**NI 44-101**") to be incorporated by reference herein), the content of any news release disclosing financial information for a period more recent than the period for which consolidated financial statements are required and certain other disclosure documents as set forth in Item 11.1 of Form 44-101F1 of NI 44-101 filed by us with the securities commissions or similar regulatory authorities in Canada after the date of this Prospectus and prior to the termination of the Offering under this Prospectus shall be deemed to be incorporated by reference in this Prospectus.

Applicable portions of the documents listed above are not incorporated by reference to the extent their contents are modified or superseded by a statement contained in this Prospectus or in any subsequently filed document which is also incorporated by reference in this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or

superseded will not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the statement or document that it modifies or supersedes. The making of such a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Prospectus.

TRADEMARKS AND TRADE NAMES

We use various trademarks, trade names and design marks in our business. This Prospectus may also contain trademarks and trade names of other businesses that are the property of their respective holders. We do not intend for our use or display of other companies' trademarks and trade names to imply a relationship with, or endorsement or sponsorship of it by, those other companies.

MARKETING MATERIALS

Any "template version" of any "marketing materials" (as defined in National Instrument 41-101 – *General Prospectus Requirements*) that are used by the Agents in connection with the Offering are not part of this Prospectus to the extent that the contents of any template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus. Any template version of any other marketing materials filed under our profile on SEDAR at www.sedar.com after the date of this Prospectus but before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the marketing materials) is deemed to be incorporated by reference in this Prospectus.

ELIGIBILITY FOR INVESTMENT

The Unit Shares, the Warrants and the Warrant Shares, if issued on the date hereof, would be "qualified investments" under the *Income Tax Act* (Canada) and the regulations thereunder (the "**Tax Act**") for a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan, tax-free savings account (each a "**Registered Plan**") or deferred profit sharing plan ("**DPSP**") (all as defined in the Tax Act), provided that: (i) in the case of the Unit Shares and Warrant Shares, the Unit Shares or Warrant Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSXV), and (ii) in the case of the Warrants, the Warrant Shares are listed on a designated stock exchange (which currently includes the TSXV), and we deal at arm's length with each person who is an annuitant, a beneficiary, an employer or a purchaser under such Registered Plan or DPSP.

Notwithstanding the foregoing, the annuitant, holder or purchaser of a Registered Plan, as the case may be, (each, a "**Registered Holder**") will be subject to a penalty tax if the Unit Shares, Warrants and Warrant Shares held in a Registered Plan are a "prohibited investment" for that Registered Plan pursuant to the Tax Act. The Unit Shares, Warrants and Warrant Shares will generally be a "prohibited investment" for a particular Registered Plan if a Registered Holder in respect thereof has a "significant interest" (as defined in section 207.01 of the Tax Act) in us or the Registered Holder does not deal at arm's length with us for the purposes of the Tax Act. The Unit Shares and Warrant Shares will not be a prohibited investment if they are "excluded property" as defined in the Tax Act for trusts governed by a Registered Plan.

Investors in Units should consult their own independent tax advisors for advice with respect to the potential application of these rules to them having regard to their own particular circumstances.

DESCRIPTION OF THE BUSINESS

The Company

We were formed as a corporation under the *Business Corporations Act* (Alberta) (the "**ABCA**") on November 29, 2016 as a capital pool company pursuant to TSXV Policy 2.4 (the "**CPC Policy**"). On April 26, 2019, we acquired 100% of the issued and outstanding shares of 1926360 Alberta Ltd. o/a Stigma Pharmaceuticals ("**Stigma**") in exchange for 96,336,286 Common Shares such that former shareholders of Stigma controlled the majority of the issued and outstanding Common Shares (the "**Business Combination**"). The Business Combination served as Stigma's "go-public" transaction by way of reverse takeover under applicable securities laws. Following the Business Combination, we carried on the business of Stigma. The Business Combination served as our Qualifying Transaction (as defined by the policies of the TSXV).

We currently hold a Cultivation License and a Processing License (all as described in the *Cannabis Act* S.C. 2018, c.16 and regulations thereto (the "**Cannabis Act**")). Certain of these licenses are held by our subsidiaries.

Summary of the Business

We are a vertically integrated Canadian cannabis cultivation, manufacturing and distribution company focused on achieving large-scale growth in the Canadian cannabis market – with specific attention paid to supplying the fast-emerging concentrates market.

We are engaged in several facets of the cannabis industry including cultivation, production (manufacturing), extraction, white-labelling, product development and formulations, and distribution. For more information and a description of the products we are currently manufacturing and selling, please see the disclosure under the heading "*Description of the Business*" in our Annual Information Form.

Our Facility

Stigma's wholly owned subsidiary, 1998643 Alberta Ltd. ("**Stigma Grow**"), was incorporated on October 13, 2016 under the ABCA and received a Standard Cultivation License and Standard Processing License on March 8, 2019. On November 26, 2020, Stigma received an amendment to its existing licences to include a sales authorization for cannabis-based edibles, beverages, oils and topicals from Health Canada. Stigma Grow holds a parcel of land in Red Deer County, Alberta with a 66,000 sq. ft. building located on the property (the "**Facility**").

We engage in two of our three main business segments at the Facility, namely the wholesale segment which cultivates and distributes cannabis products to and through the applicable provincial liquor and cannabis boards which are subsequently sold to purchasers, and our extraction and tolling segment which provides cannabinoid extractions services to other licenced producers.

We have currently developed 44,000 sq. ft. of space of the building, with a current cultivation capacity of 225 kg of product per year, of which we are currently operating at 75% of capacity. The second floor (22,000 sq. ft.) being our Phase 2 development has been developed as office space, extraction lab and other auxiliary space but could be retrofitted to be additional cultivation space with minimal investment. As prices

for dried flower remain soft and we are currently not operating at full cultivation capacity, we have delayed the retrofitting or finalization of our Phase 2 development until such time as the economics warrant expansion.

We are focusing our efforts on our extraction and toll processing business segment as we consider it our more profitable business line. The Facility also has extraction and toll processing capacity of 800,000 one-gram units per month with multiple machines, of which we are currently operating at 10-15% monthly capacity. We believe we have sufficient extraction and processing capacity to meet our current obligations and any near-term expansion of our product lines in the future.

The remaining 22,000 sq. ft. of the Facility remains unfinished and current plans to start the development of Phase 3 are on hold.

The following table is a summary of our Facility development.

Facility Development				
Phase	Estimated Total Cost	Cost Incurred to Date	Cost to Complete	Status
Phase 1	\$5,500,000	\$5,088,355	-	Complete
Phase 2	\$750,000	\$687,584	\$100,902	92% Complete
Phase 3	\$1,330,000	-	\$1,330,000	Suspended
	<u>\$7,580,000</u>	<u>\$5,775,939</u>	<u>\$1,430,092</u>	

Notes:

- (1) Phase 1 included the purchase and construction of Facility and first floor (22,000 sq. ft.) build-out of office space and cultivation space. See also "Consolidated Capitalization" for mortgages with respect to Phase 1.
- (2) Phase 2 included the build-out of the second floor (22,000 sq. ft.) including an extraction lab, office space and potential cultivation space (subject to installation of lighting, waterlines and other fixtures necessary for cultivation).
- (3) Phase 3 would include the build-out of the third floor (22,000 sq. ft.) which is currently undeveloped.

Our Retail Location

In addition to our Facility, we also own and operate a retail location in Red Deer, Alberta. The retail location, INDICAative Collection, is strategically located just off Red Deer's "Gasoline Alley", giving us access to the high traffic flow afforded by the busy highway. Our retail location boasts 2,800 sq. ft. of retail space and offers ample parking. Our retail location features a unique split floor plan allowing us to offer a traditional cannabis retail shop neighbouring a cannabis accessory and lifestyle product shop. We pride ourselves on our selective hiring practices and low turnover which we believe has created an atmosphere of excellent customer service giving our location an edge over our competitors.

Our Brands

We operate our consumer goods predominately through the following brands, strategically designed to appeal to our target markets:



Chapter 1: Concentrates is host to our first suite of hydrocarbon (BHO) concentrates, showcasing our unique processing abilities. Our Chapter 1 collection has featured our most flavourful, aromatic and potent high-terpene, full-spectrum extract (HTFSE) concentrates.



Dab Bods represents our more approachable, education focused brand, with high-quality cannabis and BHO products for lower prices. The brand targets consumers that are new to cannabis with its education-first approach, and those well-versed in the market through its “powerfully unassuming” marketing.



White NGL / Black NGL brings our best live-resin hydrocarbon cannabis concentrates to the market, showcasing unique recipes and product categories at a low price point. Marketing for this brand targets the full-spectrum of HTFSE vape cartridges in a consumer friendly message.

Other Properties

In connection with our acquisition of Goldstream Cannabis Inc. in August of 2019, we acquired 13 acres of undeveloped land zoned for outdoor cannabis cultivation located on Vancouver Island (the “**Goldstream Acreage**”). We have not yet taken any steps to further develop these lands or apply for the necessary licenses to commence cultivation. See “*General Development of the Business – Year Ended July 31, 2020*” in the Annual Information Form. See also “*Corporate Structure*” and “*General Development of the Business*” in the Annual Information Form.

Recent Developments

Supply Agreement with Ontario Cannabis Store (OCS)

On March 10, 2021, we announced that we had entered into a supply agreement with OCS for a selection of our products to be sold to OSC’s list of retailers and online users starting April 2021. The addition of Ontario to our list of provinces selling our products comes shortly after successfully launching our entire product lineup across British Columbia.

New Strategic Relationships

On March 15, 2021, we announced that we had entered into an agreement with BevCanna Enterprises Inc. (“**BevCanna**”) pursuant to which we will partner with them to launch their Keef Brands line of cannabis-infused beverages across Canada and certain BevCanna in-house and white label products.

On April 6, 2021, we announced that we had entered into a third party production agreement with Sundial Growers Inc. (“**Sundial**”) to produce a variety of their hydrocarbon (BHO) concentrates. Under this agreement, we will produce a variety of live-resin and cured cannabis concentrates from Sundial’s award-winning inputs in both fresh-frozen and cured formats. It is anticipated that these products will be launched by Sundial in August of 2021.

PCIB Investment

On September 2, 2021, we entered into the Subscription Agreements with the Investor for the Concurrent Private Placement. The Concurrent Private Placement shall close in two tranches of \$750,000, the first of which shall close within 2 business days following receipt of the conditional approval of the TSXV for the

Concurrent Private Placement. See "*Plan of Distribution - Concurrent Private Placement*" in this Prospectus.

New Credit Facility

We signed a binding commitment letter with Connect First Credit Union (the "**Lender**") for a new credit facility (the "**New Credit Facility**") to be comprised of a 5 year term, \$8,850,000 commercial mortgage loan and a \$750,000 demand line of credit. The New Credit Facility has a fixed interest rate and is secured by a first charge over all our present and after acquired personal property. The New Credit Facility is subject to certain financial covenants including that we must maintain a debt service coverage ratio of not less than 1.40:1, that we must at all times maintain a debt to equity ratio of not greater than 1:1 and that we must retain a current ratio of not less than 1.25:1. Funding of the New Credit Facility shall be made in two tranches, the first tranche of which (\$7,210,000) was funded on July 23, 2021. The second tranche (\$1,640,000) shall be advanced upon completion and delivery of our July 31, 2021 year-end audited financial statements, provided that all financial covenants and benchmarks have been met or exceeded.

CONSOLIDATED CAPITALIZATION

The following table summarizes our capitalization as at April 30, 2021 before giving effect to the Offering and the Concurrent Private Placement and August 31, 2021 before and after giving effect to the Offering and the Concurrent Private Placement.

	As at April 30, 2021 before giving effect to the Offering and Concurrent Private Placement (unaudited)	As at August 31, 2021 before giving effect to the Offering and Concurrent Private Placement (unaudited)	As at August 31, 2021 after giving effect to the Minimum Offering and Concurrent Private Placement ⁽⁵⁾ (unaudited)	As at August 31, 2021 after giving effect to the Maximum Offering and Concurrent Private Placement ⁽⁶⁾ (unaudited)
Loan Capital				
Mortgages ⁽¹⁾	\$4,299,464	-	-	-
VTB Mortgages ⁽²⁾	\$1,174,000	-	-	-
Government Funding ⁽³⁾	\$80,000	\$80,000	\$80,000	\$80,000
New Credit Facility ⁽⁴⁾	-	\$7,210,000	\$7,210,000	\$7,210,000
Share Capital:				
Common Shares (unlimited)	\$15,995,534 135,423,944	\$15,995,534 135,982,534	\$18,850,534 162,347,021	\$21,640,534 185,423,943
Legacy Warrants ⁽⁷⁾	3,888,143	3,888,143	3,888,143	3,888,143
Warrants	-	-	26,923,077	50,000,000
Agents' Warrants ⁽⁸⁾	-	-	1,769,231	3,384,615

Notes:

- (1) Amount comprised of: (i) a fixed mortgage in the amount of \$3,500,000 subject to annual renewal with interest only for 6 months and amortizing over 174 months thereafter, assumed in connection with our acquisition of the land and building for our Facility (the "**Facility Mortgage**"); and (ii) \$1,000,000 fixed term mortgage in connection with the acquisition of our retail location (the "**Retail Mortgage**"). The Retail Mortgage and the Facility Mortgage were fully repaid on July 23, 2021 in connection with the closing of the New Credit Facility on July 23, 2021. See "*Description of the Business – Recent Developments – New Credit Facility*".
- (2) Amount comprised of: (i) vendor takeback mortgage in relation to the acquisition of our retail location for \$250,000, bearing interest at 8% per annum, which matured on February 15, 2021, with principal plus accrued interest in due on maturity; and (ii) a 5-year vendor takeback mortgage in the amount of \$881,500 in relation to the acquisition of the land for the Facility (together, the "**Vendor Takeback Mortgages**"). The Vendor Takeback Mortgages were both refinanced and replaced with the New Credit Facility. See "*Description of the Business – Recent Developments – New Credit Facility*".
- (3) We applied and received \$80,000 under the Canada Emergency Business Account ("**CEBA**") loan program to small Canadian business and \$393,428 under the Regional Relief and Recovery Fund ("**RRRF**") to assist with working capital requirements during the COVID-19 pandemic. Of the total CEBA amount \$20,000 is forgiven if the loan is repaid prior to December 31, 2022. We used the funds from this program to ensure continued employment during the COVID-19 pandemic

and to cover the cost of extra night shifts to keep production but spread out working hours to allow for social distancing protocols. The amounts loaned under these government funding programs are not included in the debt service coverage ratio calculations.

- (4) The first tranche of the New Credit Facility was funded on July 23, 2021. See "*Description of the Business – Recent Developments – New Credit Facility*".
- (5) Based on the issuance of 15,384,615 Units for aggregate gross proceeds of \$2,000,000 less the Agents' Fee of \$140,000 (assuming no President's List) and estimated expenses of the Offering of \$400,000 for net proceeds of \$1,460,000 under the Minimum Offering and 11,538,462 Placement Units issued pursuant to the Concurrent Private Placement for aggregate gross cash proceeds of approximately \$1,500,000, less the Agents' Fee of \$105,500 for net proceeds of approximately \$1,395,000.
- (6) Based on the issuance of 38,461,500 Units for aggregate gross proceeds of \$5,000,000 less the Agents' Fee of \$350,000 (assuming no President's List and no exercise of the Over-Allotment Option) and estimated expenses of the Offering of \$400,000 for net proceeds of approximately \$4,250,000 under the Maximum Offering and 11,538,462 Placement Units issued pursuant to the Concurrent Private Placement for aggregate gross cash proceeds of approximately \$1,500,000, less the Agents' Fee of \$105,500 for net proceeds of approximately \$1,395,000. If the Over-Allotment Option is exercised in full, this will result in additional net proceeds of approximately \$697,500 and share capital of \$23,728,776 (assuming no President's List and rounded to the nearest dollar).
- (7) We issued 2,611,143 warrants as part of a private placement on November 9, 2018; 277,000 warrants as part of a private placement on February 11, 2019; and 1,000,000 warrants as part of a private placement on April 24, 2019. These legacy warrants have a weighted exercise price of \$0.50 and expire on April 24, 2022.
- (8) Based on the issuance of and aggregate of a minimum of 15,384,615 Units and 11,538,462 Placement Units and a maximum of 38,461,538 Units and 11,538,462 Placement Units. If the Over-Allotment Option is exercised in full, this will result in an additional 5,769,225 Warrants and 403,846 Agents' Warrants issued, assuming no President's List purchasers.
- (9) Does not include the 8,180,333 options with a weighted average exercise price of \$0.22 outstanding as of January 31, 2021. Table also does not include some short-term loans owed to related parties SS Pipelines Ltd. (\$689,744), Runaway Developments Ltd. (\$650,000) and certain directors (\$10,623). See, "*Description of the Business – Recent Developments*" and our management's discussion and analysis for the three and nine months ended April 30, 2021 and 2020, which is incorporated by reference into this Prospectus.

USE OF AVAILABLE FUNDS

Available Funds and Estimates

The following table sets forth the total funds available to us upon completion of the Offering:

	Minimum Amount (\$)	Maximum Amount not including Over- Allotment Option (\$)	Amount including full exercise of Over- Allotment Option (\$)
Gross proceeds raised pursuant to the Offering	2,000,000	5,000,000	5,750,000
Agents' Fee ⁽¹⁾	(140,000)	(350,000)	(402,500)
Expenses and costs relating to the Offering and the Concurrent Private Placement	(400,000)	(400,000)	(400,000)
Total estimated net proceeds	1,460,000	4,250,000	4,947,500
Cash on hand, September 1, 2021 ⁽²⁾	1,740,000	1,740,000	1,740,000
Concurrent Private Placement, first tranche ⁽³⁾	697,500	697,500	697,500
Net operating cash flow (12 months) ⁽⁴⁾	844,000	844,000	844,000
TOTAL AVAILABLE FUNDS	4,741,500	7,531,500	8,229,000

Notes:

- (1) Pursuant to the terms of the Agency Agreement, we have agreed to pay the Agents a fee equal to 7% of the gross proceeds of the Offering. We may provide a President's List pursuant to the Offering, pursuant to which the Agents' Fee will be reduced to 3%. The table above does not contemplate the reduction to the Agents' Fee for purchasers on the President's List and is rounded to the nearest whole dollar. This table also does not include the net proceeds of the Concurrent Private Placement. See "*Plan of Distribution*".
- (2) This assumes that there will be no material change to our capital position between the date of this Prospectus and closing of the Offering. Includes remaining funds from the first tranche funding of the New Credit Facility after settlement of the Facility Mortgage, the Retail Mortgage and the Vendor Takeback Mortgages.
- (3) Net proceeds anticipated to be received pursuant closing of the first tranche of the Concurrent Private Placement as we expect the first tranche to close before the completion of the Offering. Anticipated proceeds of \$697,500 from the second

tranche of the Concurrent Private Placement, which is expected to close concurrently with the Offering, have not been included.

(4) See "Our Operating Cash Flows" below.

Our Operating Cash Flows

Our forecasted operating cash flows for the period of September 1, 2021 to August 31, 2022 are as follows:

	\$000
Gross profit from sales	4,885
General and administrative expenses	(3,578)
New Credit Facility – 2 nd tranche	1,640
Mortgage, interest, lease and debt repayments	(2,103)
Cash flow from operations	844

The following significant assumptions have been used in preparing these estimates:

- we will see an increase in revenues as our concentrate products are introduced in Ontario. Currently we have 6 SKUs approved for sale with the Ontario Cannabis Store and these products have started to come to market this month;
- we have anticipated that sales in Ontario will be at least 1,900 grams per month, based on what we experience in Alberta for the same SKUs without adjustment for the larger population and cannabis market share of Ontario;
- our sales in the other provinces remain relatively consistent;
- our retail location revenue and gross margins will remain consistent with historical results;
- we anticipate our revenues from our toll processing business to increase as we have been successful in expanding our client base, including BevCanna and Sundial, revenues under such new agreements will start being seen this month;
- the costs of sales per product over the next 12 months is consistent with our historical costs per sales per product;
- we meet the required conditions, including financial ratios, for the closing of the second tranche of the New Credit Facility; and
- we do not anticipate requiring additional staff or incurring additional administration expense in order to meet the anticipated demand from increased production of products and increased tolling services.

See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" in this Prospectus.

Principal Purposes, Business Objectives and Milestones

Now that we have our cannabis sales licence and sales agreements with four provincial authorities, our main business objective is the expansion our business to correlate to an increase in our revenues. We continue to plan to concentrate on our extraction and tolling business and capitalize on our processing ability and capacity. The milestones in order to achieve this goal, specifically our sales agreements with the provincial authorities as well as our strategic processing/tolling agreements with third parties including Sundial and BevCanna, are already in place.

In order to meet our growth plans, however, we need to increase both the sales of our own products as well as our third-party processing output. To increase sales and production, we require funds to increase our operational capacity and output through the acquisition of additional ancillary processing equipment as well as acquire additional inventory. In the production of our branded products, we use inputs cultivated from our Facility as well as inputs purchased from third parties.

Depending on the amount of proceeds available following completion of the Offering, we plan to allocate any unallocated funds towards the development of the Goldstream Acreage to increase our cannabis cultivation and inputs for our extraction products. As the cost of cultivating cannabis outside is typically lower than with an indoor facility (on a per gram basis), we expect that the cultivated cannabis from the Goldstream Acreage will be available to us at a lower average cost than what we could achieve from purchasing product from third parties or increasing the cultivation capacity at our Facility. See "Our Facility", "Other Properties" and "Cautionary Note Regarding Forward Looking Statements" in this Prospectus.

Our available funds are intended to be allocated as follows:

Principal Purpose⁽¹⁾	Minimum Offering	Maximum Offering
Repayment of debt ⁽²⁾	\$650,000	\$650,000
Purchase of additional equipment ⁽³⁾	\$208,000	\$208,000
Additional inventory ⁽⁴⁾	\$1,092,000	\$1,092,000
Outdoor cultivation development ⁽⁵⁾	\$1,500,000	\$1,500,000
TOTAL	\$3,450,000	\$3,450,000

Notes:

- (1) The amounts included in this table are approximate estimates based on information available to us as of the date hereof and include, where applicable, early stage quotes from third parties for the anticipated initiatives. Although we believe our budgeted allocations are reasonable, the actual amounts expended by us on such initiatives and the components thereof may be different than what has been provided herein. The assumptions underlying these estimates include, the cost of labour and services, the ability to engage the required service providers on a timely basis, the costs of raw materials and limited cost and time overruns. These assumptions are subject to the same risks as set out under the heading "Risk Factors".
- (2) Amounts owing to Runaway Developments Ltd. are planned to be repaid following completion of the Offering.
- (3) We intend to acquire additional processing equipment that is ancillary to our extraction machines, specifically we plan to acquire 8 ovens (at \$15,000 a piece), and 4 dryers (at \$22,000 a piece) such that we increase activities ancillary to extraction in order to capitalize on our current available extraction capacity.
- (4) In order to meet our anticipated demand related to our sales with the Ontario Cannabis Store and other provincial authorities, we will need to increase our inventory of dry flower and ancillary inputs required to produce our products as well as additional packaging. The amounts shown represent the costs anticipated for the next twelve months and are based on the estimated additional 1,900 grams per month we anticipate selling which would result in additional inventory costs of approximately \$85,000 per month for feedstock and other inputs and \$6,000 per month for the associated packaging. If demand is higher than anticipated, our costs for inventory will relatively increase. We have assumed that the cost of sale per product remains generally consistent with historical amounts. See "Cautionary Note Regarding Forward-Looking Statements" and "Use of Proceeds – Our Operating Cash Flows" in this Prospectus.
- (5) Depending on the level of sales achieved of our products, we may elect to commence the development of the Goldstream Acreage. The amount shown represent the anticipated cost to get the Goldstream Acreage to licensing phase. This estimate includes licensing fees and cost of \$300,000, office/storage and security building onsite, including fence of \$1,000,000 and ground preparation and wages of \$200,000. The construction and group preparation must occur prior to any licensing activities. Costs to update The input costs to grow cannabis outdoors are less than indoor cultivation and we plan to use the product grown at our outdoor facility as feedstock for our products created through extraction and processing. If we have sufficient capital to commence the development, we anticipate reaching the licensing phase 6 to 8 months following commencement, depending on required regulatory approvals.
- (6) Unallocated funds and any additional proceeds raised from the exercise of the Over-Allotment Option, the Warrants, Agent's Warrants or Agent's Unit Warrants will be used for general working capital purposes, the acquisition of additional inventory to meet demand should it be larger than estimated and to cover the cost of any under-budgeted items. The amounts raised under the minimum Offering shall ensure that we are able to meet the various ratio covenants under the New Credit Facility.

While we believe that we have the skills and resources necessary to accomplish these business objectives, there is no certainty that we will be able to do so within the timelines indicated above, or at all.

Other Considerations

As at September 1, 2021, we had working capital of approximately \$796,000, comprised of cash (approximately \$1,740,000), inventory and biological assets (approximately \$1,334,000), receivables (\$1,113,000) and other assets, offset by approximately \$3,391,000 in current liabilities.

Our cash burn rate for the last three months has been averaging between \$300,000 and \$500,000 per month and we anticipate that our burn rate will continue in this range for the next 8 – 12 months. We have recently started selling to British Columbia and Ontario and expect our revenues to increase. As such, we expect that we will be able to continue operations indefinitely using our currently available resources, and the minimum net proceeds of the Offering. Additionally, based on our projected operating cash flows, the minimum net proceeds shall be sufficient to ensure that we are able to meet the various ratio covenants under the New Credit Facility. See "*Use of Available Funds – Our Operating Cash Flows*", "*Cautionary Note Regarding Forward – Looking Statements*" and "*Risk Factors - Indebtedness*" in this Prospectus.

We had a negative operating cash flow for the financial year ended July 31, 2020, and for the three and nine months ended April 30, 2021. However, with the funding of the New Credit Facility in July 2021, the current liabilities with respect to the Retail Mortgages, the Facility Mortgages and the Vendor Take-Back Mortgages were replaced by a long-term liability with the New Credit Facility which resulted in positive working capital at September 1, 2021.

Although we anticipate positive cash flow from operating activities in future periods and are taking steps to achieve this objective, we cannot guarantee we will have a cash flow positive status from operating activities in all future periods. See "*Risk Factors – Risks Related to the Offering – Negative cash flow from operations*".

We intend to spend the funds available to us as stated above. However, there may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary. The actual amount that we spend in connection with each of the intended uses of proceeds will depend on a number of factors, including those referred to under “*Risk Factors*” in this Prospectus.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to act, and have been appointed as, the agents to offer the Units for sale to the public at the Offering Price, on a “commercially reasonable efforts” basis, without any underwriter liability for aggregate gross proceeds of a minimum of \$2,000,000 and a maximum of \$5,000,000. In consideration for the services rendered by the Agents in connection with the Offering, the Agents will receive the Agents’ Fee equal to 7.0% of the gross proceeds of the Offering (including in respect of any exercise of the Over-Allotment Option, if any). The Agents’ Fee shall be payable in cash. In addition to the Agents’ Fee, the Agents will receive Agents’ Warrants equal to 7.0% of the aggregate number of Units issued under the Offering (including any Over-Allotment Units issued upon exercise of the Over-Allotment Option, either in whole or in part). We shall provide a President’s List that may subscribe for up to \$500,000 of the Offering. The compensation to the Agents on President’s List subscriptions will be reduced to a 3.0% Agents’ Fee and 3.0% Agents’ Warrants. This Prospectus also qualifies the issuance of the Agents’ Warrants (including in respect of any Over-Allotment Units issuable in respect of any exercise of the Over-Allotment Option).

Over-Allotment Option

We have granted the Agents the Over-Allotment Option, exercisable in whole or in part, at any time and from time to time, in the sole discretion of the Agents, for a period of 30 days after and including the Closing Date, to purchase up to an additional amount of Units equal to 15% of the Units sold pursuant to the Offering, being 5,769,225 Over-Allotment Units, at the Offering Price, to cover over-allotments, if any, and for market stabilization purposes. The grant of the Over-Allotment Option and the Over-Allotment Units (including the underlying Over-Allotment Shares, Over-Allotment Warrants and Over-Allotment Warrant Shares) issued upon exercise of the Over-Allotment Option are qualified for distribution under this

Prospectus. A purchaser who acquires securities forming part of the Agents' over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, assuming no President's List purchasers, the total price to the public, the Agents' Fee and the net proceeds (before payment of the expenses of the Offering) will be approximately \$5,750,000, \$402,500 and \$5,347,495, respectively.

Subscription Procedure

Each Unit will consist of one Unit Share and one Warrant. The Warrants will be created and issued pursuant to the terms of a warrant indenture (the "**Warrant Indenture**"), to be entered into between us and Computershare Trust Company of Canada as warrant agent (the "**Warrant Agent**"). Each Warrant will entitle the holder thereof to purchase one Warrant Share at a price of \$0.25 at any time prior to 5:00 p.m. (Toronto time) on the date that is 36 months after the Closing Date, after which time the Warrants will expire and be void and of no value. The Warrant Indenture will contain customary provisions designed to protect the holders of Warrants against dilution upon the happening of certain events. No fractional Common Shares will be issued upon the exercise of any Warrants. See "*Description of Securities Being Distributed*".

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the Agents reserve the right to close the subscription books at any time without notice. It is anticipated that the Unit Shares and Warrants comprising the Units will be registered in the name of CDS or its nominee (subject to certain exceptions), and will be deposited with CDS at the closing of the Offering on the Closing Date, which is expected to occur on or before the end of September 2021, or such other date as we may agree with the Lead Agent, but in any case no later than 42 days after the date a receipt is issued for the (final) short form prospectus to be filed in respect of the Offering. A purchaser of Units (subject to certain exceptions) pursuant to the Offering will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS participant. No definitive certificates will be issued unless specifically requested or required.

We have applied to list the Unit Shares, Warrant Shares, Over-Allotment Shares, Over-Allotment Warrant Shares, Agent's Warrant Share and Agent's Unit Warrant Shares on the TSXV. Listing will be subject to our fulfillment of all the requirements of the TSXV.

The Agents have reserved the right to form a selling group of appropriately registered dealers and brokers, with compensation to be negotiated between the Agents and such selling group participants, but at no additional cost to us.

The Offering Price was determined based upon arm's length negotiations between us and the Lead Agent. Among the factors considered in determining the Offering Price were the market price of the Common Shares, prevailing market conditions, our historical performance and our capital structure, the availability of comparable investments, an overall assessment of our management and the consideration of the foregoing factors in relation to market valuation of companies in related businesses.

The obligations of the Agents pursuant to the Agency Agreement may be terminated by the Agents at their discretion on the basis of its assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Agents are not obligated, directly or indirectly, to advance their own funds to purchase any of the Units. The Agency Agreement also provides that we will indemnify the Agents and their directors, officers, employees, shareholders, partners and agents against certain

liabilities and expenses or will contribute to payments that the Agents may be required to make in respect thereof.

The Offering is being made in each of the provinces of Canada, other than Québec. The Units will be offered in each of the relevant provinces of Canada through those Agents or their affiliates who are registered to offer the Units for sale in such provinces and such other registered dealers as may be designated by the Agents. Subject to applicable law, the Agents may offer the Units in the United States and such other jurisdictions outside of Canada and the United States we may agree with the Agents.

Pursuant to policy statements of certain securities regulators, the Agents may not, throughout the period of distribution, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions including: (a) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities; (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities; or (c) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with this distribution, the Agents may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Agents at any time. The Agents may carry out these transactions on the TSXV, in the over-the-counter market or otherwise.

Pursuant to the terms of the Agency Agreement, we have agreed to reimburse the Agents for their reasonable expenses incurred in connection with the Offering and the Concurrent Private Placement.

United States Sales

The Units offered hereby, the Unit Shares and Warrants comprising the Units, and the Warrant Shares issuable upon exercise of the Warrants, have not been and will not be registered under the U.S. Securities Act, or any U.S. state securities laws and, subject to registration under the U.S. Securities Acts and applicable U.S. state securities laws or certain exemptions therefrom, may not be offered, sold, transferred, delivered or otherwise disposed of, directly or indirectly, within the United States or to, or for the account or benefit of any U.S. Person. Each Agent will agree that, except as permitted under the Agency Agreement, it will not offer, sell, transfer, deliver or otherwise dispose of, directly or indirectly, the Units at any time within the United States or to, or for the account or benefit of, any U.S. Person, except pursuant to an exemption from registration under the U.S. Securities Act.

The Agency Agreement permits the Agents to offer the Units for sale directly by us to, or for the account or benefit of, persons in the United States and U.S. Persons that are “accredited investors” (within the meaning of Rule 501 of Regulation D under the U.S. Securities Act (“**U.S. Accredited Investors**”)), provided that such offers and sales are made in accordance with the exemption from the registration requirements of the U.S. Securities Act provided by Rule 506 of Regulation D under the U.S. Securities Act, and similar exemptions under applicable U.S. state securities laws. Moreover, the Agency Agreement provides that the Agents will offer and sell the Units outside the United States only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The certificates representing the Unit Shares and Warrants comprising the Units which are sold in the United States or to, or for the benefit or account of a U.S. Person, and the Warrant Shares issuable upon exercise of such Warrants by such persons will contain a legend to the effect

that the Unit Shares, Warrants and Warrant Shares represented thereby have not been registered under the U.S. Securities Act and may only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act.

The Units, and the Unit Shares and the Warrants comprising the Units, that are offered or sold to, or for the account or benefit of, a person in the United States or a U.S. Person, and any Warrant Shares issued upon the exercise of such Warrants, will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and will be subject to restrictions to the effect that such securities have not been registered under the U.S. Securities Act or any applicable U.S. state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. **Please note that an exemption from registration under Rule 144 under the U.S. Securities Act for the resale of the Units, the Unit Shares, the Warrants and/or any Warrant Shares is currently not available and may not be available in the future, if ever.**

The Warrant Indenture will provide that the Warrants will not be exercisable by or on behalf of a person in the United States or a U.S. Person, nor will certificates representing the Warrant Shares be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available and we have received an opinion of counsel of recognized standing or other evidence to such effect in form and substance reasonably satisfactory to us; provided, however, that a holder who is a U.S. Accredited Investor at the time of exercise of the Warrants and who purchased Units in transactions exempt from registration under the U.S. Securities Act and applicable U.S. state securities laws will not be required to deliver an opinion of counsel in connection with the exercise of Warrants that are a part of those Units.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units, Unit Shares or Warrants within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with exemptions from registration under the U.S. Securities Act and applicable state securities laws.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units to, or for the account or benefit of, a person in the United States or a U.S. Person.

Concurrent Private Placement

In addition to the Offering, pursuant the terms of the Subscription Agreement, we intend to complete the Concurrent Private Placement of 11,538,462 Placement Units at the Offering Price for gross proceeds of approximately \$1,500,000. The Concurrent Private Placement shall close in two tranches. The first tranche shall close within two business days of receipt of the conditional approval for the Concurrent Private Placement and the second tranche shall close concurrently with the Closing of the Offering. The Private Placement Units shall have the same terms as the Units issued under the Offering. As a condition to closing the second tranche of the Concurrent Private Placement, the Investor will be granted the right, pursuant to an agreement (the "**Observer Rights Agreement**"), to appoint a board observer who shall have the right to receive notice and attend all meetings of our board of directors but shall not have any voting rights. The Investor will retain such board observer rights until such time as the Investor holds less than 5% of our issued and outstanding shares.

This Prospectus does not qualify the distribution of the Placement Units issued pursuant to the Concurrent Private Placement. The Common Shares and Warrants comprising the Placement Units will be subject to a statutory four month hold period. The closing of the Concurrent Private Placement is subject to TSXV approval. The Lead Agent acted as selling agent in the Concurrent Private Placement and will be paid fees on the gross proceeds of the issuance of the Placement Units consistent with the Agents' Fee being paid to the Agents in connection with the Offering and will receive Agents' Warrants with respect to the Placement Units consistent with the Agents' Warrants being paid to the Agents in connection with the Offering. We have applied to list the Unit Shares, Warrant Shares, Agent's Warrant Share and Agent's Unit Warrant Shares that will be issued pursuant to the Concurrent Private Placement on the TSXV. Listing will be subject to our fulfillment of all the requirements of the TSXV. The Warrants will not be listed on any stock exchange.

Following the Concurrent Private Placement and the Offering, the Investor will hold approximately 7% (Minimum Offering) / 6% (Maximum Offering) of our Common Shares.

DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

Common Shares

The Unit Shares, the Warrant Shares, the Agents' Warrant Shares and the Agents' Unit Warrant Shares are designated as Common Shares under our articles of incorporation.

Our authorized capital consists of an unlimited number of Common Shares, an unlimited number of class B Common Shares and an unlimited number of preferred shares. As of the date hereof, there are 135,982,534 Common Shares issued and outstanding and no class B Common Shares and no preferred shares issued or outstanding. For more information on our unissued share capital see "*Description of Capital Structure*" in the Annual Information Form.

Holders of the Common Shares are entitled to notice of and to attend at any meeting of our shareholders, except a meeting of which only holders of another particular class or series of shares of the Company have the right to vote. At each such meeting holders of the Common Shares are entitled to one vote in respect of each Common Share held. Holders of Common Shares are entitled to receive, as and when declared by our directors, dividends in cash or property. In the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, or in the event of any other distribution of our assets among our shareholders for the purpose of winding up our affairs, the holders of Common Shares are, subject to the prior rights of the holders of any shares ranking in priority to the Common Shares, entitled to participate rateably along with all other holders of Common Shares.

Warrants

The following is a summary of the material attributes and characteristics of the Warrants. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Warrant Indenture, which will be filed with the applicable Canadian securities regulatory authorities and will be available on SEDAR at www.sedar.com.

General

Each Warrant will be transferable and will entitle the holder thereof to acquire one Warrant Share at an exercise price of \$0.25 until 5:00 p.m. (Toronto time) on the date that is 36 months following the Closing

Date, subject to adjustment in certain customary events, after which time the Warrants will expire (the **“Expiry Date”**).

The Warrants will be issued under and governed by the terms of the Warrant Indenture which we will enter into on the Closing Date with Computershare Trust Company, as the Warrant Agent. We will appoint the transfer office of the Warrant Agent in Calgary, Alberta as the location at which the Warrants may be surrendered for exercise, transfer or exchange. Under the Warrant Indenture, we may, subject to applicable law, purchase by private contract or otherwise, any of the Warrants then outstanding, and any Warrants so purchased will be cancelled.

The Warrant Indenture will provide for customary adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per Warrant Share in the event of the following additional events: (i) reclassifications of our Common Shares; (ii) our consolidation, amalgamation, arrangement or merger with or into any other corporation or other entity (other than consolidations, amalgamations, arrangements or mergers which do not result in any reclassification of the outstanding Common Shares or a change of our Common Shares into other shares); or (iii) the transfer of our undertaking or assets as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of Warrant Shares issuable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Warrant Shares issuable upon exercise by at least one one-hundredth of a Warrant Share, as the case may be.

We will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, we will give notice to the Warrant Agent and to the holders of the Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date of such event, if any.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants and no cash or other consideration will be paid in lieu of fractional Warrant Shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of Common Shares would have.

The Warrant Indenture will provide that, from time to time, we may amend or supplement the Warrant Indenture for certain purposes, without the consent of the holders of the Warrants, including curing defects or inconsistencies or making any change that does not prejudice the rights of any holder. Any amendment or supplement to the Warrant Indenture that would prejudice the interests of the holders of Warrants may only be made by “extraordinary resolution”, which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing of at least 10% of the aggregate number of the then outstanding Warrants (unless such meeting is adjourned to a prescribed later date due to the lack of quorum) and passed by the affirmative vote of the holders of Warrants present in person or by proxy, and passed by the affirmative vote of the holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants.

The Warrants may not be exercised in the United States by, or on behalf of or for the benefit of, a person in the United States or a U.S. Person, unless an exemption from the registration requirements of the U.S.

Securities Act and applicable state securities laws is available for the issuance of the Warrant Shares to such warrant holder, and such warrant holder has furnished an opinion of counsel of recognized standing or such other evidence in form and substance reasonably satisfactory to the Company to such effect; provided, however, that a holder who is a U.S. Accredited Investor at the time of exercise of the Warrants and who purchased Units in transactions exempt from registration under the U.S. Securities Act and applicable U.S. state securities laws will not be required to deliver an opinion of counsel or such other evidence in connection with the exercise of Warrants that are a part of those Units.

There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants acquired hereunder. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. See “Risk Factors” in this Prospectus.

Agents’ Warrants

We have agreed to issue the Agents’ Warrants, the distribution of which are qualified by this Prospectus. The Agents’ Warrants will entitle the Agents to purchase such number of Agents’ Warrant Units as is equal to 7.0% of the number of Units sold in the Offering (including any Over-Allotment Units issued upon the exercise of the Over-Allotment Option). The number of Agents’ Warrants issuable for sales to purchasers on the President’s List shall be reduced to 3.0% of the number of Units sold. The Agents’ Warrants will have an exercise price of \$0.13 and will expire on a date that is 36 months from the Closing Date. Each Agents’ Warrant Unit shall be comprised of one Agents’ Warrant Share and one Agents’ Unit Warrant. Each Agents’ Unit Warrant will entitle the holder thereof to purchase one Agents’ Unit Warrant Share at an exercise price of \$0.25 per Agents’ Unit Warrant Share at any time until 5:00 p.m. (Toronto time) on the date that is 36 months following the Closing Date, subject to adjustment and acceleration on the same terms as the Warrants.

The Agents’ Warrants may be exercised by the Agents to purchase Agents’ Warrant Units on or before the expiration date by delivering (i) notice of exercise, appropriately completed and duly signed, and (ii) payment of the exercise price for the number of Agents’ Warrant Units with respect to which the Agents’ Warrants are being exercised. The Agents’ Warrants may be exercised in whole or in part, but only for full Agents’ Warrant Units.

The Agents’ Warrant Shares and the Agents’ Unit Warrant Shares will be, when issued and paid for in accordance with the Agents’ Warrants and Agents’ Unit Warrants, as applicable, duly authorized, validly issued and fully paid and non-assessable. We will authorize and reserve at least that number of Common Shares as is equal to the number of Agents’ Warrant Shares and Agents’ Unit Warrant Shares issuable upon exercise of all outstanding Agents’ Warrants and Agents’ Unit Warrants, as applicable. The Agents’ Warrant Shares and Agents’ Unit Warrant Shares will be Common Shares, the material attributes of which are described above.

The exercise price and the number of Agents’ Warrant Units issuable upon the exercise of each Agents’ Warrant are subject to adjustment upon the happening of certain events, such as a distribution on the Common Shares, or a subdivision, consolidation or reclassification of the Common Shares. In addition, upon any fundamental transaction, such as a merger, arrangement, consolidation, sale of all or substantially all of our assets, share exchange or business combination, the Agents’ Warrants will thereafter evidence the right of the holder to receive the securities, property or cash deliverable in exchange for or on the conversion of or in respect of the Common Shares to which the holder of a Common Share would have been entitled immediately on such event.

We are not required to issue fractional Common Shares upon the exercise of the Agents' Warrants. Instead, we may round down to the next whole Common Share.

The Agents' Warrants are non-transferable and will not be listed or quoted on any securities exchange. The holders of the Agents' Warrants do not have the rights or privileges of holders of Common Shares and any voting rights until they exercise their Agents' Warrants and receive the Agents' Warrant Shares.

PRIOR SALES

During the 12 months preceding the date of this Prospectus, we issued the following Common Shares and securities convertible or exchangeable for Common Shares.

<u>Date</u>	<u>Type of Security</u>	<u>Issue/Exercise Price (\$)</u>	<u>Number of Securities</u>
March 19, 2020	Stock Options	\$0.20 ⁽²⁾	390,000
April 17, 2020	Common Shares	\$0.10 ⁽²⁾	125,000
April 22, 2020	Common Shares	\$0.10 ⁽²⁾	250,000
April 30, 2020	Common Shares ⁽¹⁾	\$0.15	8,295,993
July 3, 2020	Stock Options	\$0.20 ⁽²⁾	1,350,000
July 31, 2020	Stock Options	\$0.20 ⁽²⁾	4,550,000
September 14, 2020	Common Shares	\$0.15 ⁽³⁾	3,583,333
February 25, 2021	Stock Options	\$0.20 ⁽⁴⁾	1,050,000
March 12, 2021	Common Shares	\$0.10	558,590

Notes:

- (1) Issued pursuant to a non-brokered private placement of Common Shares for aggregate gross proceeds of \$1,244,398.95.
- (2) Issued pursuant to the exercise of stock options.
- (3) Issued pursuant to a non-brokered private placement of Common Shares for net proceeds of \$537,500.
- (4) Issued pursuant to an issuance of Common Shares for the settlement of debt pursuant to a settlement agreement dated March 12 2021.

TRADING PRICE AND VOLUME

The Common Shares are listed on the TSXV under the symbol "CANB". The following table sets forth the price range and volume of trading of the Common Shares during the 12 months preceding the date of this Prospectus.

<u>Period</u>	<u>High Trading Price</u>	<u>Low Trading Price</u>	<u>Volume</u>
September 1 – 7, 2021	0.12	0.11	10,501
August 2021	0.13	0.11	207,433
July 2021	0.145	0.13	98,723
June 2021	0.165	0.13	354,749
May 2021	0.165	0.12	264,504
April 2021	0.23	0.15	407,904
March 2021	0.25	0.12	1,818,452
February 2021	0.185	0.09	3,353,714
January 2021	0.15	0.08	2,997,075
December 2020	0.135	0.095	896,581
November 2020	0.15	0.105	1,119,644
October 2020	0.155	0.09	273,980

<u>Period</u>	<u>High Trading Price</u>	<u>Low Trading Price</u>	<u>Volume</u>
September 2020	0.155	0.145	61,937

On September 3, 2021, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$0.12 per Common Share.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as at the date of this Prospectus, a summary of certain of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder who acquires a Common Share or Warrant included in the Units as a beneficial owner pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, (i) deals at arm's length with us and the Agents, (ii) is not affiliated with us or the Agents or a subsequent purchaser of a Unit Share, Warrant or Warrant Share (each, a "**Security**" and collectively, "**Securities**"), and (iii) acquires and holds the Securities as capital property (the Unit Shares and Warrant Shares hereinafter sometimes collectively referred to as "**Common Shares**"). A holder who meets all of the foregoing requirements is referred to as a "**Holder**" in this summary, and this summary only addresses such Holders. Generally, the Securities will be considered as capital property of a Holder thereof provided that the Holder does not use the Securities in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (i) that is a "financial institution" for the purposes of the mark-to-market rules contained in the Tax Act; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii) an interest in which would be a "tax shelter" or "tax shelter investment" each as defined in the Tax Act; (iv) that reports its "Canadian tax results" in a currency other than Canadian currency; (v) that is exempt from tax under Part I of the Tax Act; (vi) that is a partnership; (vii) that receives dividends on the Common Shares under or as part of a "dividend rental arrangement" as defined in the Tax Act; or (viii) that has entered into or will enter into a "derivative forward agreement" or "synthetic disposition arrangement", each as defined in the Tax Act, with respect to a Security. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Units. **Such Holders should consult their own tax advisors with respect to an investment in the Securities.**

This summary is based on the provisions of the Tax Act in force as of the date hereof and counsel's understanding of the current published administrative and assessing practice of the Canada Revenue Agency (the "**CRA**"). This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practice of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. All investors, including Holders, should consult their own tax advisors with respect to their particular circumstances.

Allocation of Cost

The total purchase price of a Unit to a Holder must be allocated on a reasonable basis between the Unit Share and the Warrant comprising a Unit to determine the cost of each to the Holder for purposes of the Tax Act.

For its purposes, we intend to allocate \$0.12 of the subscription price of each Unit as consideration for the issue of each Unit Share and \$0.01 of the subscription price of each Unit as consideration for the issue of each Warrant. Although we believe this allocation is reasonable, it is not binding on the CRA or the Holder. The Holder's adjusted cost base of the Unit Share comprising a part of each Unit will be determined by averaging the cost allocated to the Unit Share with the adjusted cost base to the Holder of all Common Shares (if any) owned by the Holder as capital property immediately prior to such acquisition.

Exercise of Warrants

The exercise of a Warrant to acquire a Warrant Share will be deemed not to constitute a disposition of property for purposes of the Tax Act. As a result, no gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Common Shares (if any) owned by the Holder as capital property immediately prior to such acquisition.

Holders Resident in Canada

The following section of this summary applies to Holders who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times ("**Resident Holders**").

Certain Resident Holders whose Common Shares might not otherwise constitute capital property may make, in certain circumstances, an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Common Shares, and every other "Canadian security" (as defined in the Tax Act) held by such persons, in the taxation year of the election and each subsequent taxation year, to be capital property. This election does not apply to Warrants. Resident Holders should consult their own tax advisors regarding this election.

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "*Capital Gains and Capital Losses*" in this Prospectus.

Dividends

"Taxable dividends" (as defined in the Tax Act) received or deemed to be received on the Common Shares, if any, will be included in computing a Resident Holder's income. In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of "taxable dividends" received from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit in respect of "eligible dividends", if

any, so designated by us to the Resident Holder in accordance with the provisions of the Tax Act. There may be restrictions on our ability to designate any dividends as “eligible dividends”, and we have made no commitments in this regard.

Dividends received or deemed to be received by a Resident Holder that is a corporation must be included in computing its income but may be deductible in computing its taxable income, subject to all restrictions and special rules under the Tax Act. A Resident Holder that is a “private corporation” or “subject corporation” (as defined in the Tax Act) generally will be liable to pay a special tax under Part IV of the Tax Act (refundable in certain circumstances) on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Resident Holder’s taxable income for the taxation year. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain, to the extent and under the circumstances specified in the Tax Act and Resident Holders that are corporations should consult their own tax advisors in this regard.

Dispositions of Common Shares and Warrants

Upon a disposition (or a deemed disposition) of a Common Share (other than to us unless purchased by us in the open market in the manner in which shares are normally purchased by a member of the public in an open market) or a Warrant (other than a disposition arising on the exercise or expiry of a Warrant), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security, as applicable, to the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading “*Capital Gains and Capital Losses*” in this Prospectus.

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized in the year by such Resident Holder. Allowable capital losses for a taxation year in excess of taxable capital gains realized in that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against net taxable capital gains realized in such year, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of Common Shares by a Resident Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Common Shares. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or trust. **Resident Holders to whom these rules may be relevant should consult their own tax advisors.**

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) also may be liable to pay a special additional tax (refundable in certain circumstances) on its “aggregate investment income” (as defined in the Tax Act) for the year, which will generally include taxable capital gains.

Minimum Tax

Capital gains realized (or deemed to be realized), and dividends received (or deemed to be received) by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act. Such Resident Holders should consult their own advisors with respect to the application of the minimum tax.

Holders Not Resident in Canada

The following section of this summary is generally applicable to Holders who, for the purposes of the Tax Act and any applicable tax treaty or convention, and at all relevant times (i) are not, and will not be deemed to be, resident in Canada at any time; and (ii) do not use or hold, and are not deemed to use or hold, the Securities in connection with, or in the course of carrying on a business in Canada (“**Non-Resident Holders**”).

Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere or that is an “authorized foreign bank” (as defined in the Tax Act). **Such Non-Resident Holders should consult their own tax advisors.**

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder on Common Shares by us will be subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend unless such rate is reduced by the terms of an applicable tax treaty. Under the *Canada-United States Tax Convention* (1980), as amended (the “**Treaty**”), for example, the rate of withholding tax on dividends paid or credited to a Non-Resident Holder that is the beneficial owner of the dividend who is resident in the U.S. for purposes of the Treaty and entitled to benefits under the Treaty (a “**U.S. Holder**”) is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a corporation beneficially owning at least 10% of our voting shares). Affected Non-Resident Holders should consult their own tax advisors in this regard.

Dispositions of Common Shares and Warrants

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of Common Shares or Warrants, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Common Share or Warrant, as applicable, constitutes or is deemed to constitute “taxable Canadian property” to the Non-Resident Holder for purposes of the Tax Act at the time of disposition and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

If and provided that the Common Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSXV) at the time of disposition, the Common Shares generally will not constitute taxable Canadian property of a Non-Resident Holder at that time unless, at any time during the 60 month period ending at the time of the disposition, the following two conditions are simultaneously met: (i) one or any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder does not deal at arm’s length, or (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest (either directly or indirectly through one or more partnerships), owned 25% or more of the issued shares of any class or series of our shares; and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of (a)

real or immovable property situated in Canada, (b) “Canadian resource property” (as defined in the Tax Act), (c) “timber resource property” (as defined in the Tax Act) or an option in respect of, an interest in or for civil law a right in, property described in any of (a) through (c), whether or not such property exists. In the case of the Warrants, Warrants would generally be “taxable Canadian property” to a Non-Resident Holder at a particular time if, at any time in the previous 60 months: (a) the Non-Resident Holder held Warrants that provided such Non-Resident Holder with the right to acquire 25% or more of the outstanding Common Shares or the Non-Resident Holder held shares of the Corporation at that time that satisfy the requirement in paragraph (i) above; and (b) the requirement in paragraph (ii) above is satisfied at that time. Notwithstanding the foregoing, a Common Share or Warrant may also be deemed to be taxable Canadian property to a Non-Resident Holder under other provisions of the Tax Act.

A Non-Resident Holder’s capital gain (or capital loss) in respect of Common Shares or Warrants that constitute or are deemed to constitute taxable Canadian property (and are not “treaty-protected property” as defined in the Tax Act) will generally be computed and subject to tax in the manner described above under the subheadings “*Holders Resident in Canada – Dispositions of Common Shares and Warrants*” and “*Holders Resident in Canada – Capital Gains and Capital Losses*”.

Non-Resident Holders who may hold Common Shares or Warrants as taxable Canadian property should consult their own tax advisors in this regard.

REGULATORY FRAMEWORK

The following summary addresses the primary Canadian federal laws and regulations associated with the cultivation, processing and distribution of cannabis products. It does not address the laws and regulations of any other jurisdiction.

Regulatory Framework in Canada

On October 17, 2018, the Cannabis Act and Cannabis Regulations came into force thereby legalizing the sale of cannabis for Adult-Use, and replacing the former Access to Cannabis for Medical Purposes Regulations (“**ACMPR**”) under the *Controlled Drugs and Substances Act* (Canada) (the “**CDSA**”), which had previously governed the production, sale and distribution of medical grade cannabis.

The Cannabis Act sets up the regulatory framework and licencing scheme for the production, sale, possession, importation, exportation, packaging and labelling of Adult-Use cannabis in Canada. The Cannabis Act also regulates access to cannabis for medical purposes. The Cannabis Regulations establish a licensing and permit scheme for cultivating, processing, importing, exporting, research and testing of cannabis for Adult Use, and a licensing scheme for the sale of cannabis for medical use and the development and sale of drugs containing cannabis.

The Cannabis Regulations were amended on October 17, 2019 to allow for the production and sale of certain new cannabis products, in addition to the classes of cannabis products that were already available, including edible cannabis, cannabis extracts, and cannabis topical products (“**New Products**”). Licence holders are required to provide 60 days’ notice to Health Canada of their intent to sell any new cannabis products.

Cannabis products cannot be imported or exported from Canada without a valid medical or scientific purpose. Industrial hemp is also regulated under the Cannabis Act in pursuant to the *Industrial Hemp Regulations*. In Canada, industrial hemp can be cultivated with a licence issued under the Industrial Hemp Regulations. Import and export permits are not issued in respect of cannabis for adult recreational use.

The Cannabis Regulations, among other things, establish rules and requirements relating to the following matters: (i) licenses, permits and authorizations; (ii) personnel security clearances; (iii) a cannabis tracking system; (iv) cannabis products; (v) packaging and labelling; (vi) cannabis for medical purposes; and (vii) drugs containing cannabis. A summary of these matters is provided below.

Licenses, Permits and Authorizations

The Cannabis Regulations establish six classes of licenses under the Cannabis Act: (i) cultivation licenses; (ii) processing licenses; (iii) analytical testing licenses; (iv) sales for medical purposes licenses; (v) research licenses; and (vi) cannabis drug licenses. The Cannabis Regulations also create subclasses of cultivation licenses (standard cultivation, micro-cultivation and nursery) and processing licenses (standard processing and micro-processing). Different licenses and each subclass therein, carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each license category and/or subclass. The Cannabis Regulations provide that all licenses issued under the Cannabis Act will be valid for a period of no more than five years.

Cannabis for Medical Purposes

The ACMPR was repealed on the same day that the Cannabis Act came into force. As a result, the medical cannabis regime is no longer governed by the ACMPR and the CDSA. Nevertheless, the medical cannabis regulatory framework under the Cannabis Act and the Cannabis Regulations remains substantively the same as under the CDSA and the ACMPR, with adjustments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system.

Under the Cannabis Regulations, patients have three options for obtaining cannabis for medical purposes: (i) they can continue to access cannabis by registering with licensed producers; (ii) they can register with Health Canada to produce a limited amount of cannabis for their own medical purposes; or (iii) they can designate someone else to produce cannabis for them. With respect to (ii) and (iii), starting materials, such as cannabis plants or seeds, must be obtained from licensed producers.

Packaging and Labeling

The Cannabis Regulations set out strict requirements pertaining to the packaging and labelling of cannabis products. These requirements are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis, while also reducing the appeal of cannabis to youth.

All cannabis products are required to be packaged in a manner that is tamper-proof and child-resistant in accordance with the Cannabis Regulations and in plain packaging. The Cannabis Regulations impose strict limits on the use of colours, graphics, and other special characteristics of packaging. Cannabis package labels must include specific information, such as: (i) product source information, including the class of cannabis and the name, phone number and email of the licence holder; (ii) a mandatory health warning, rotating between Health Canada's list of standard health warnings; (iii) the Health Canada standardized cannabis symbol; and (iv) information specifying THC and CBD content.

Personnel Security Clearances

Certain people associated with cannabis licensees, including individuals who have direct or indirect control over the license holder such as directors, officers, large shareholders and key personnel including the master grower, quality assurance person, responsible person and head of security and any other individuals identified by the Canadian Minister of Health (the "**Minister**"), must hold a valid security clearance issued

by the Minister. Under the Cannabis Regulations, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences. This was largely the approach in place under the ACMPR and other related regulations governing the licensed production of cannabis for medical purposes. All applications for security clearances are reviewed by the Minister on a case-by-case basis.

Security clearances issued under the ACMPR are considered to be security clearances for the purposes of the Cannabis Act and Cannabis Regulations.

Promotion

The Cannabis Act sets out restrictions regarding the promotion of cannabis products. Subject to a few exceptions, all promotions of cannabis products are prohibited unless authorized by the Cannabis Act. The Cannabis Regulations also prohibit certain representations and associations on products, their packages and labels and associated promotional activity, including: certain flavours in cannabis extracts (e.g. confectionary, dessert, soft drink, and energy drink) that are appealing to youth; health or cosmetic benefits unless registered as a health product; energy value and nutrient content representations that go beyond those permitted in the list of ingredients and in the cannabis-specific nutrition facts table; statements reasonably likely to create the impression the edible cannabis or accessory is intended to meet particular dietary requirements; and promotion that could reasonably associate the cannabis, the cannabis accessory or the service related to cannabis with an alcoholic beverage, a tobacco product or a vaping product.

Cannabis Tracking System

Under the Cannabis Act, the Minister is authorized to establish and maintain a national cannabis tracking system. The purpose of this system is to track the flow of cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the legal market. The Cannabis Regulations provide the Minister with the authority to make a ministerial order that would require certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister. The Minister has introduced the Cannabis Tracking and Licensing System, and license holders are required to use this system to, among other things, submit monthly reports to the Minister.

Provincial Regulatory Framework

In addition to the rules under the Cannabis Act and Cannabis Regulations describe above, each province and territory has its own legislation and jurisdiction with respect to the regulation of certain aspects of the Adult-Use cannabis market.

Under the Cannabis Act, the provinces and territories of Canada have authority to regulate certain aspects of Adult-Use cannabis, such as sale and distribution of cannabis products for Adult Use, minimum age requirements and places where cannabis can be consumed. This is similar to the current regime for liquor and tobacco products in Canada.

All Canadian provinces and territories have enacted regulatory regimes for the distribution and sale of cannabis for Adult-Use purposes within their jurisdiction. The provinces and territories have established retail frameworks involving either government-run retail stores, private cannabis retail stores licensed by the province, or a combination of both (e.g. both private and government run retail stores). The Adult-Use cannabis market is supplied with cannabis products manufactured by federal licensed producers. In many cases, provinces that follow the licensed private retailer model will still have a government-run wholesale

distributor that supplies all cannabis retail stores. Provincial or territorial licensed cannabis retail stores are required to obtain their cannabis products from such wholesalers, and the wholesalers in turn, are required to obtain the cannabis products directly from federal licensed producers. The provinces and territories also determine how online sales for Adult Use cannabis products are conducted, with majority of provinces and territories allowing for their government to act as the sole online provider of Adult Use cannabis products.

The minimum age for purchase and possession of cannabis in each Canadian jurisdiction is 19 years old, except for Alberta, where it is 18 and Québec, where Bill no. 2, *An Act to tighten the regulation of cannabis* came into effect on January 1, 2020, raising the minimum age to consume and purchase recreational cannabis from 18 to 21. Additional information with respect to each province and territory is set out below.

Ontario: The Ontario Cannabis Retail Corporation, a Crown Corporation operating as the OCS, acts as the exclusive distributor between licensed producers and retailers in the province for Adult-Use cannabis. The OCS also maintains a monopoly on online sales in Ontario through its online platform. The Alcohol and Gaming Commission of Ontario is responsible for administering the licensing of private cannabis retail stores. The private cannabis retail stores that initially received licences in Ontario were allocated through a lottery system and were approved to open on April 1, 2019. Effective January 6, 2020, the Government of Ontario moved toward an open market for retail cannabis by eliminating the lottery process and opening the application process to any interested applicants. On March 2, 2020, the restriction on the total number of cannabis retail stores in the province, the regional distribution limits and certain pre-qualification requirements for prospective retailers were revoked. The regulatory regime in Ontario has the following requirements and features:

- private retailers have to obtain both a retail operator licence and a retail store authorization. A retail operator licence allows the holder to operate one or more retail stores in Ontario. A separate retail store authorization is required for each store the retailer wishes to operate. Retail store authorizations are only to be issued to persons holding a retail operator licence. Holders of retail operator licences may have up to 30 stores until September 1, 2021 and up to 75 stores thereafter. Private retailers can only sell cannabis in person at an authorized retail store and are not permitted to sell cannabis online;
- each authorized store location requires at least one licensed manager, who must hold a cannabis retail manager licence. The licensed manager is responsible for hiring, managing and supervising employees, managing cannabis sales, managing compliance and managing the cannabis inventory;
- federally licensed producers may now own or control, directly or indirectly, up to 25% of a corporation holding a cannabis retail operator licence (required to hold a retail store authorization) in Ontario, an increase from the previous threshold of 9.9%;
- federally licensed producers are prohibited from promoting their products by way of providing any material inducement to cannabis retailers;
- municipalities and reserve band councils had the option to opt out of the retail cannabis market by resolution, and had until January 22, 2019 to pass such by-laws. Municipalities that opted out can still opt in at a later date, but once a municipality has opted in, it can no longer opt out. Municipalities may not pass a bylaw providing for a further system of licensing over the retail sale of cannabis. In total, 71 municipalities opted out of having a cannabis retail store; and

- cannabis retail store operators are only permitted to purchase cannabis from the OCS, which may in the future set a minimum price for cannabis or classes of cannabis.

Québec: The Société québécoise du cannabis, a subsidiary of the Société des alcools du Québec, controls and manages the sale of all Adult-Use cannabis in the province, and conducts sales both through its stores and online.

British Columbia: In British Columbia, the provincial Liquor Distribution Branch handles wholesale distribution and online sales, while the retail store sale of Adult-Use cannabis is conducted through both government-run and privately-operated stores pursuant to licences awarded by the British Columbia Liquor and Cannabis Regulation Branch.

Alberta: The Alberta Gaming, Liquor and Cannabis Commission (“**AGLC**”) is responsible for wholesale distribution of Adult-Use cannabis and is the exclusive operator of the province’s online sales. Cannabis products supplied by the AGLC are also sold in private retail stores pursuant to licences awarded by the AGLC.

Saskatchewan: In Saskatchewan, Adult-Use cannabis is sold by private retailers both online and in retail storefronts. Municipalities can opt out of having a cannabis store if they choose. The Saskatchewan Liquor and Gaming Authority (the “**SGLA**”) is responsible for the provincial oversight of the private retail Adult-Use cannabis industry, including the issuance of private retail licences, private wholesale permits and the registration of licensed producers. The SGLA is not directly engaged in wholesale or retail distribution or sales of Adult-Use cannabis.

Manitoba: In Manitoba, a private retail model is in place for both online and storefront sales. The Liquor, Gaming and Cannabis Authority of Manitoba is responsible for regulating the province’s cannabis industry, including the licensing of retail stores and distributors. All cannabis sold at a cannabis store must have been purchased from by the holder of a retail store licence from Manitoba Liquor and Lotteries.

New Brunswick: In New Brunswick, the New Brunswick Liquor Corporation, a crown corporation, operates cannabis retail stores through a subsidiary, Cannabis NB Ltd. The crown corporation, Cannabis Management Corporation, is responsible for the oversight, organization, conduct, management and control of the retail sales of cannabis. The New Brunswick government has issued a request for proposals in order to find a single private operator to take over the Cannabis NB Ltd. operations, which would privatize the government-operated corporation created to handle retail sale of Adult-Use cannabis. This would result in the retail model changing from government-operated to privately-operated in New Brunswick.

Nova Scotia: In Nova Scotia, the Nova Scotia Liquor Corporation is responsible for the regulation of cannabis in the province, and Adult-Use cannabis is sold publicly only through government-operated storefronts and online sales. There is no private licensing of retail.

Prince Edward Island: In Prince Edward Island, similar to Québec, New Brunswick and Nova Scotia, Adult-Use cannabis retail is controlled and operated by the government. Adult-Use cannabis is sold publicly only through storefronts and an online platform operated by the Prince Edward Island Cannabis Management Corporation. There is no private licensing of retail.

Newfoundland and Labrador: In Newfoundland and Labrador, cannabis is sold through licensed private retailers. The crown-owned Newfoundland and Labrador Liquor Corporation (“**NLC**”), controls the

distribution of Adult-Use cannabis to private retailers and sets prices for cannabis products. NLC is also the exclusive online retailer of Adult-Use cannabis.

Yukon: In the Yukon, the Yukon Liquor Corporation is responsible for the distribution and wholesale of Adult-Use cannabis in the territory. The Cannabis Licensing Board maintains control of all online sales of Adult-Use cannabis and issues licences to private retailers for storefront sales.

Northwest Territories: In the Northwest Territories, the sale of cannabis is controlled through the N.W.T. Liquor and Cannabis Commission (the “**NLCC**”), whether through retail outlets or by mail order service. Private retailers designated by the territory’s Minister of Finance and granted a license may sell cannabis in the territory. The NLCC controls the inventory and delivery of cannabis to private retailers and also sets the maximum prices of cannabis products for private retailers.

Nunavut: In Nunavut, the Nunavut Liquor and Cannabis Commission (“**NULC**”) regulates the distribution and wholesale of Adult-Use cannabis. The NULC also contracts with private agents to operate a physical or remote cannabis retail stores and permits the sale of cannabis through private online retailers.

RISK FACTORS

An investment in the Units, should be considered highly speculative and involves certain risks and uncertainties due to the nature of its business and the present stage of its development. Investors may lose their entire investment. When evaluating us and our business, investors should carefully consider all of the information contained and incorporated by reference in this Prospectus before making a decision to purchase any of the Units distributed under this Prospectus. Some of the factors described herein, in the documents incorporated or deemed incorporated by reference herein are interrelated and, consequently, investors should treat such risk factors as a whole. The occurrence of any one or more of the risks or uncertainties described herein, or in another document incorporated or deemed incorporated by reference, could have a material adverse effect on our business, financial condition and results of our operations.

The risks and uncertainties described or incorporated by reference herein are not the only ones we face and should not be considered exhaustive. Additional risks and uncertainties, including those that we are unaware of or that are currently deemed immaterial, may also materially and adversely affect our business, operations and condition, financial or otherwise. We cannot provide assurance that we will successfully address any or all of these risks. There is no assurance that any risk management steps taken will avoid future loss due to the occurrence of the adverse effects set out in the risk factors herein, or in the other documents incorporated or deemed incorporated by reference herein or other unforeseen risks.

These below risk factors, together with all other information included or incorporated by reference in this Prospectus, including, without limitation, the risks set out under the heading “*Risk Factors*” in the Annual Information Form and the information contained in the section “*Cautionary Note Regarding Forward-Looking Statements*” in this Prospectus should be carefully reviewed and considered by investors. Investors should consult with their professional advisors to assess any investment.

Risks Related to the Offering

Negative cash flow from operations

We had a negative operating cash flow for the financial year ended July 31, 2020, and the three and six months ended January 31, 2021. Although we anticipate we will have positive cash flow from operating activities in future periods, we cannot guarantee we will have a cash flow positive status in the future. To

the extent that we have negative cash flow in any future period, certain of the proceeds from the Offering will be used to fund such negative cash flow from operating activities, see "Use of Proceeds" in this Prospectus.

Forward Looking Statements and FOPI May Prove Inaccurate.

Readers are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements and FOPI involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements and/or FOPI or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Some of the FOPI presented in this Prospectus is based upon the completion of the Offering and the Concurrent Private Placement and if any of these transactions are not completed or not completed on the terms or timelines contemplated, this will impact the forward looking FOPI provided herein and such impact may be material.

No Market for Warrants

There is currently no market through which the Warrants may be sold. The purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation.

Active Liquid Market for Common Shares

There may not be an active, liquid market for the Common Shares. There is no guarantee that an active trading market for the Common Shares will be maintained on the TSXV. Investors may not be able to sell their Common Shares quickly or at the latest market price if trading in the Common Shares is not active.

Warrants are Speculative in Nature and May Not Have Any Value

The Warrants do not confer any rights of Common Share ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire Common Shares at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the Warrants may exercise their right to acquire Common Shares and pay an exercise price of \$0.25 per Warrant Share, subject to certain adjustments, for a period of 36 months following the Closing Date, after which date any unexercised Warrants will expire and have no further value. Moreover, following the completion of the Offering, the market value of the Warrants, if any, is uncertain and there can be no assurance that the market value of the Warrants will equal or exceed their imputed offering price.

We have Discretion in the Use of the Net Proceeds from the Offering and the Concurrent Private Placement

Management will have discretion concerning the use of proceeds of the Offering and the Concurrent Private Placement as well as the timing of their expenditures. As a result, purchasers will be relying on the judgment of management as to the application of the net proceeds of the Offering and the Concurrent Private Placement. Management may use the net proceeds of the Offering and the Concurrent Private Placement in ways that an investor may not consider desirable. The results and effectiveness of the application of the net proceeds are uncertain. If the net proceeds of the Offering and the Concurrent Private Placement are not applied effectively, our results of operations may suffer.

Additional Financing

Even if our financial resources upon completion of the Offering and the Concurrent Private Placement are sufficient to fund our current operations, there is no guarantee that we will be able to achieve our business objectives. Our continued development may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of our current business objectives or cause us to go out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable. 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 Common Shares. In addition, from time to time, we may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase our debt levels above industry standards. 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 us to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Loss of Entire Investment

An investment in the Units is speculative and may result in the loss of an investor's entire investment. An investment in the Units involves a high degree of risk and should be undertaken only by investors 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 Units is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Future Sales of Common Shares by Existing Shareholders and the Company

We may issue additional Common Shares in the future, which will result in the then existing holders of Common Shares sustaining dilution to their relative proportion of our equity. Our articles permit the issuance of an unlimited number of Common Shares and shareholders will have no pre-emptive rights in connection with such further issuances. Also, we may issue additional Common Shares on the exercise of stock options and upon the exercise of previously issued share purchase warrants, including the Warrants. The issuance of these additional equity Common Shares may have a similar dilutive effect on then existing holders of Common Shares.

The Market Price of the Common Shares is Volatile and May Not Accurately Reflect our Long-Term Value

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to our operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by us or our competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares.

Financial markets at times have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if our operating results, underlying asset values or prospects

have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil occur, our operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

Completion of the Offering and the Concurrent Private Placement

Completion of the Offering and the Concurrent Private Placement remains subject to a number of conditions precedent. There can be no certainty that the Offering and the Concurrent Private Placement will be completed and completion of the Concurrent Private Placement is conditional upon completion of the Offering. If the Offering and the Concurrent Private Placement are not completed, the Company may not be able to raise the funds required for the purposes contemplated under “*Use of Proceeds*” in this Prospectus from other sources on commercially reasonable terms or at all.

Indebtedness

In relation to the New Credit Facility, we are subject to risks typically associated with secured debt financing. Our cash flows could be insufficient to satisfy required payments of principal and interest under the New Credit Facility. The New Credit Facility contains covenants that require us to maintain certain financial ratios. If we are unable to maintain these ratios, we will be in default of the New Credit Facility and the lender may, at its option, declare the unpaid principal amount of the advance and the accrued interest thereon to be immediately due and payable, subject to a 30-day cure period.

If we are unable to meet any required payments, the lender could foreclose on our facilities securing our obligations under the New Credit Facility, appoint a receiver and receive an assignment of accounts or pursue other remedies generally available to secured creditors, all of which could result in a material adverse effect. Our ability to make scheduled payments of principal and interest on our indebtedness depends on our future cash flow, which is subject to the financial performance of our business, prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond our control.

Risks Related to our Business and Industry

Going-Concern Risk

Our financial statements have been prepared on a going concern basis under which we are considered to be able to realize on our assets and satisfy our liabilities in the ordinary course of business. Our 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 we will be successful in completing additional 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 it be unable to continue as a going concern.

Limited Operating History and Uncertainty of Future Revenues

We have a limited operating history and, accordingly, potential investors will have a limited basis on which to evaluate our ability to achieve our business objectives. Our future success is dependent on our management’s ability to implement our strategy. We face risks frequently encountered by early-stage companies. In particular, our future growth and prospects will depend on our ability to expand our operation

and gain additional revenue streams whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on our business, financial condition and results. We incurred operating losses in recent periods. We may not be able to achieve or maintain profitability and may continue to incur losses in the future. In addition, as we explore and implement initiatives to grow the business, operating expenses may continue to increase. If revenues do not increase to offset expected operating expenses, we may not be profitable. There is no assurance that we will be successful in achieving a return on shareholders' investments, and the likelihood of success is uncertain in light of the early stage of our operations.

Change in Laws, Regulations and Guidelines

Our operations are subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis as well as laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. To the knowledge of management, other than the requirement that we make routine corrections that may be required by Health Canada from time to time, we are currently in compliance with all such laws. If any changes to such laws, regulations or guidelines occur, which are matters beyond our control, we may incur significant costs in complying with such changes or we may be unable to comply therewith, which in turn may result in a material adverse effect on our business, financial condition and results of operations.

The Cannabis Act came into effect on October 17, 2018 to create a regulated Adult-Use recreational market for cannabis in Canada. The Cannabis Act and Cannabis Regulations prohibit testimonials, lifestyle branding and packaging as well as certain other promotional activity that is appealing to youth and set out broad prohibitions on the promotion of cannabis at the federal level. Provincial or territorial governments may add an additional layer of regulations on promotion of cannabis. The federal, provincial and territorial restrictions on advertising, marketing and the use of logos and brand names may reduce the value of certain of our products and brands or negatively impact our ability to compete with other companies in the cannabis market, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The Cannabis Regulations were amended effective October 17, 2019, to allow for cannabis edibles to be introduced into the market and expand the use of cannabis derivatives commercially. However, they are highly restrictive, and include restrictions on adding caffeine, nicotine, or alcohol to cannabis edibles.

Additional restrictions on edible and other cannabis derivative based products may also be introduced by the provincial governments. On November 1, 2019, the Quebec government passed Bill 2 that has raised the legal age to buy recreational cannabis to 21 effective January 1, 2020. Staying on side of regularly changing rules and regulations will require ongoing time and attention from our management.

The governments of every Canadian province and territory have enacted and implemented their respective regulatory regimes for the distribution and sale of cannabis for Adult-Use purposes within those jurisdictions. The provincial or territorial legislation and regulatory regimes may change in ways that impact our ability to continue its business as currently conducted or proposed to be conducted. There is no guarantee that provincial or territorial regulatory regimes governing the distribution and sale of cannabis for Adult-Use recreational purposes in each jurisdiction will remain as currently enacted or that any such legislation and regulation will create the growth opportunities that we currently anticipate. The federal and provincial or territorial legislation and regulatory regimes for cannabis products also include excise duties payable by licensed cannabis producers on Adult-Use recreational cannabis products, in addition to goods and services tax/harmonized sales tax in certain provinces and territories. The rate of the excise duties for

cannabis products varies by province and territory. Any significant increase in the rate of excise duties on cannabis products in the future could reduce consumer demands for cannabis products and adversely impact the Adult-Use recreational cannabis industry and market in general. In addition, any increase in the rate of excise duties on cannabis products in the future could reduce our margins and profitability in the event that we could not or chose not to pass along such increases to consumers. Any of the foregoing could result in a material adverse effect on our business, financial condition, results of operations and prospects.

The Adult-Use recreational cannabis industry and market in Canada is also subject to certain risks that are unique to this industry, as well as the risks that are currently applicable to the medical cannabis market, which are described elsewhere in this “*Risk Factors*” section. If any of these shared risks occur, our business, financial condition, results of operations and prospects could be adversely affected in a number of ways, including by not being able to successfully compete in the Adult-Use recreational cannabis industry and by being subject to fines, damage awards and other penalties as a result of regulatory infractions or other claims brought against us.

Reliance on Licensing

Our operations require us to obtain licences for the transportation, distribution, production, packaging, storing, growing and sale of medical grade cannabis, and in some cases, renewals of existing licences from, and the issuance of permits by certain national authorities in Canada. We believe that we currently hold or have applied for all necessary licences and permits to carry on the activities which we are currently conducting under applicable laws and regulations, and also believe that we are complying in all material respects with the terms of such licences and permits.

In addition, we will apply for, as the need arises, all necessary licences and permits to carry on the activities we expects to conduct in the future. However, our ability to obtain, sustain or renew any such licences and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Any loss of interest in any such required licence or permit, or the failure of any governmental authority to issue or renew such licences or permits upon acceptable terms, would have a material adverse impact.

Regulatory Risks

Achievement of our business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of our products. We may not be able to accurately predict the impact of the compliance regime Health Canada is implementing for the Canadian Adult-Use cannabis industry. Similarly, we may not be able to accurately predict the time required to secure all appropriate regulatory approvals for our products, or the extent of testing and documentation that may be required by governmental authorities. The impact of Health Canada’s compliance regime, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, results of operations and financial condition.

We will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on our operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on our business, results of operations and financial condition.

As the cannabis market continues to mature, our products may become obsolete, less competitive or less marketable

As a licensed producer under the Cannabis Act, we are operating our business in a relatively new Adult-Use cannabis industry and market. In addition to being subject to general business risks, a business involving an agricultural product and a regulated consumer product, we need to continue to build brand awareness in this industry and market through significant investments in our strategy, our production capacity, quality assurance, and compliance with regulations. These activities may not promote our brand and products as effectively as intended, or at all. Competitive conditions, consumer tastes, patient requirements and spending patterns in this new industry and market are relatively unknown and may have unique circumstances that differ from existing industries and markets.

In addition, the Cannabis Act also permits patients to produce a limited amount of cannabis for their own medical purposes or to designate a person to produce a limited amount of cannabis on their behalf. This could potentially significantly reduce the market for our products, which could have a material adverse effect on our business, financial condition and results of operations.

Accordingly, there are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Our success will depend, in part, on our ability to continually invest in research and development and enhance existing technologies and products in a competitive manner.

Competition

There is potential that we 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. Increased competition by larger and better financed competitors could materially and adversely affect our business, financial condition and results of operations.

We also face competition from illegal cannabis dispensaries that are selling cannabis to individuals despite not having a valid Cannabis Licence. Illegal dispensaries may not adhere to the same tax requirements imposed on legal cannabis companies, including sales taxes, taxes related to employment, excise duties, regulatory compliance and infrastructure costs, all of which makes competition on price more challenging.

If the number of users of medical cannabis in Canada increases, and/or if the national demand for Adult-Use cannabis increases, the demand for products will increase and we expect that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, we will require a continued high level of investment in product development, marketing, sales and client support. We 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 our business, financial condition and results of operations.

As well, the legal landscape for medical and Adult-Use cannabis is changing internationally. More countries have passed laws that allow for the production and distribution of medical cannabis in some form or another.

In addition, it is possible that the medical cannabis industry will undergo consolidation, creating larger companies with greater financial resources, manufacturing and marketing capabilities and product offerings. As a result of this competition, we may be unable to maintain our operations or develop them as currently proposed, on terms we consider acceptable, or at all.

Risks Inherent in an Agricultural Business

Our business involves the growing of cannabis, an agricultural product. Such business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although growing is completed indoors under climate controlled conditions, and while all growing conditions are carefully monitored with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of our products, which could have a material adverse effect on our business, financial condition and results of operations.

Product Development

The Adult-Use cannabis industries are in their early stages of development and it is likely that we, and our competitors, will seek to introduce new products in the future including "Cannabis 2.0" and "Cannabis 3.0" Products. In attempting to keep pace with any new market developments, we may need to expend significant amounts of capital in order to successfully develop and generate revenues from our new products. As well, we may be required to obtain additional regulatory approvals from Health Canada and any other applicable regulatory authority, which may take significant amounts of time. We may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, could have a material adverse effect on our business, financial condition and results of operations.

Provincial Supply Agreements

We derive a significant portion of our revenues from the Adult-Use recreational cannabis industry and market in Canada, including through our agreements with the provincial wholesale distributors. For additional information regarding our supply agreements, see "*Description of the Business*" in the Annual Information Form and "*Recent Developments*" in this Prospectus.

The agreements with the provincial wholesalers do not contain purchase commitments or otherwise obligate the purchaser to buy a minimum or fixed volume of our products. The amount of cannabis that the provincial wholesalers may purchase under these agreements may vary from what we expect or have planned for. As a result, our revenues could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing decisions of the provincial wholesalers. If any of the provincial wholesalers decides to purchase lower volumes of our products than we expect, alters our purchasing patterns at any time with limited notice or decides not to continue to purchase our cannabis products at all, our revenues could be materially adversely affected, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Future Acquisitions

We may not be able to successfully identify and execute future acquisitions or dispositions or to successfully manage the impacts of such transactions on our operations. Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) the potential disruption of our ongoing business; (ii) the distraction of management away from the ongoing oversight of our existing business activities; (iii) incurring additional indebtedness; (iv) the anticipated benefits and cost savings of those transactions not being realized fully, or at all, or taking longer to realize than anticipated; (v) an increase in the scope and complexity of our operations; and (vi) the loss or reduction of control over certain of our assets.

The existence of one or more material liabilities of an acquired company that are unknown at the time of acquisition could result in our incurring those liabilities. A strategic transaction may result in a significant change in the nature of our business, operations and strategy, and we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our operations.

Supply and Price Fluctuations

Our revenues are in a large part derived from the production, sale, and distribution of cannabis. The cost of production, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including equipment and supplies, labour and raw materials related to our growing operations, as well as other overhead costs such as electricity, water, and utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact our financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition, results of operations and prospects. This includes any change in the selling price of products set by the applicable province or territory. The price of cannabis is affected by numerous factors beyond our control. Any price decline may have a material adverse effect on our business, financial condition and operations.

Realization of Growth Targets

Our ability to continue production of cannabis, at the same pace as of the date of this Prospectus or at all, is affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs, construction performance falling below expected levels of output or efficiency, environmental pollution, contractor or operator errors, breakdowns, aging or failure of equipment or processes, labour disputes, as well as factors specifically related to indoor agricultural practices, such as reliance on provision of energy and utilities to the facility, those specifically related to outdoor cultivation practices, such as droughts, environmental pollution and inadvertent contamination, and potential impacts of major incidents or catastrophic events on the facility, such as fires, explosions, earthquakes or storms.

Management of Growth

We may be subject to growth-related risks including capacity constraints and pressure on our internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. Our inability to deal with this growth may have a material adverse effect on our business, financial condition, results of operations and prospects.

Reliance on Management

Our success is dependent upon the ability, expertise, judgment, discretion and good faith of our 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 our business, operating results or financial condition.

Further, as a licensed producer under the Cannabis Act, certain key employees are subject to a security clearance by Health Canada. Under the Cannabis Act a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able

to obtain one. A failure by a key employee to maintain or renew his or her security clearance, would result in a material adverse effect on our business, financial condition and results of operations. In addition, if a key employee leaves, and we are unable to find a suitable replacement that has a security clearance required by the Cannabis Act in a timely manner, or at all, there could occur a material adverse effect on our business, financial condition and results of operations.

We are reliant on a single facility

To date, our activities and resources have been primarily focused on our Facility and we will continue to rely on the Facility for the foreseeable future. Disruption of operations at the facility could adversely affect inventory supplies and our ability to meet delivery deadlines. Our revenue is dependent on the uninterrupted operation of our production facility. Our production is subject to operational risks beyond our control including fire, breakdown, failure or substandard performance of our equipment and machinery, power shortage, labour disruption, natural disasters and any interruption in our operations as a result of any failure to comply with all applicable laws and regulations in the jurisdiction where the Facility is located. Frequent or prolonged occurrence of any of the aforesaid events may have a material adverse effect on our business, financial condition and results of operation. If there is any damage to our production facilities, we may not be able to alleviate the impact of such damage in a timely and proper manner or at all. Any breakdown or malfunction of any of our information technology systems and equipment could cause a material disruption of our operations. Adverse changes or developments affecting the Facility could have a material and adverse effect on our business, financial condition and prospects.

The expansion of facilities may not go as planned

There is no guarantee that Health Canada or other regulatory authorities will approve contemplated expansions in a timely fashion or at all. There is no guarantee that any expansions will be completed in their currently proposed form, if at all. Our failure to successfully execute our expansion strategies (including receiving any necessary permits, licences, or other approvals in a timely fashion) could adversely affect our business, financial condition and results of operations and may result in not meeting anticipated or future demand when it arises.

Inventory and Shelf Life

The cannabis products may not have the shelf life period that is established on the basis of stability studies, and the storage period for cannabis is generally limited. We hold cannabis products as packaged and labelled finished goods, which includes dried cannabis flower and cannabis oil. Management regularly reviews the amount of inventory on hand on the basis of production and packaging date and estimates the time required to manufacture and sell such inventory, write-down of inventory may still be required. Any such write-down of inventory could have a material adverse effect on our business, financial condition, and results of operations.

Some of our supply of cannabis source material is acquired from third parties

We do not cultivate sufficient cannabis to supply ourselves with enough cannabis source material to operate our manufacturing business. Currently, we acquire some of our cannabis source material from third parties. There can be no assurance that there will continue to be a sufficient amount of cannabis source material available to us to continue operating our manufacturing business. Specifically, the impact of COVID-19 pandemic may adversely impact our third-party suppliers, resulting in an insufficient supply of cannabis source material. Additionally, the price of cannabis source material may rise which would increase our cost of goods. If we become unable to acquire cannabis source material or if the price of cannabis source

material increased, it could have a material adverse impact on the business of the Company, our financial condition and results from operations.

Marketing Constraints

The development of our business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada. The regulatory environment in Canada limits our ability to compete for market share in a manner similar to other industries. If we are unable to effectively market our products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, our sales and operating results could be adversely affected.

Moreover, the Cannabis Act imposes further packaging, labelling and advertising restrictions on producers in the Adult-Use market. If the Company fails to comply with the packaging, labelling and advertising restrictions, it will be subject to monetary penalties, required to suspend sale of noncompliant products and/or be disqualified as a vendor by government-run provincial distributors.

Brand Promotion

A critical component of our future growth is our ability to promote and sustain its brands, which we believe can be achieved by providing a high-quality user experience. An important element of our brand promotion strategy is establishing a relationship of trust with our consumers. In order to provide a high-quality user experience, we have invested and will continue to invest substantial amounts of resources in the development of products, infrastructure, fulfilment and customer service operations. If our consumers are dissatisfied with the quality of the products sold to them or the customer service they receive and their overall customer experience, our consumers may stop purchasing our products.

Further Funding Requirements

The building and operation of the Company's facilities and business are capital intensive. In order to execute the anticipated growth strategy, the Company may require additional 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 support on-going operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect upon future profitability. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of the Common 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.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve

the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the products produced by the Company caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on its results of operations and financial condition of the Company. There can be no assurances that the Company will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the products produced by the Company were subject to recall, the image of that product and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these

events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Security and Privacy

Given the nature of the Company's products and the lack of legal availability of such products outside of channels approved by the Government of Canada, as well as the concentration of inventory in its facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at the Company's facilities could expose the Company to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing the Company's products.

A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's information technology systems may be subject to cyber-attacks

The Company's operations depend, in part, on how well we and our suppliers protect networks, equipment, information technology ("IT") systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Reputational Risk to Third Parties

The parties with which the Company does business may perceive that they are exposed to reputational risk as a result of the Company's cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on the Company.

Holding Company

The Company is a holding company and essentially all of its assets are the capital stock of its subsidiaries. As a result, investors in the Company are subject to the risks attributable to its subsidiaries. As a holding company, the Company conducts substantially all of its business through its subsidiaries, which generate

substantially all of its revenues. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Company.

Proprietary Protection

Our success depends in part on our ability to protect our ideas and technology. We have no trademarked or patented technology at this time nor have we registered any patents.

Even if we move to protect our technology with trademarks, patents, copyrights or by other means, we are not assured that competitors will not develop similar technology, business methods or that we will be able to exercise our legal rights.

Other countries may not protect intellectual property rights to the same standards as does Canada. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions have a meaningful impact on our ability to successfully grow the business.

International Expansion

We may in the future expand our operations and business into jurisdictions outside of Canada. There can be no assurance that any market for our products will develop in any such foreign jurisdiction. We may face new or unexpected risks or significantly increase our exposure to one or more existing risk factors, including economic instability, changes in laws and regulations and the effects of competition. These factors may limit our capability to successfully expand our operations and may have a material adverse effect on our business, financial condition and results of operations.

Conflicts of Interest

Certain of our directors and officers are also directors and officers of other companies or are engaged and will continue to be engaged in activities that may put them in conflict with our business strategy. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. All decisions to be made by such directors and officers are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Company. In addition, such directors and officers are required to declare their interests in, and such directors are required to refrain from voting on, any matter in which they may have a material conflict of interest.

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. Changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Unfavourable Publicity or Consumer Perception

The Company believes the medical and Adult-Use cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced and distributed to such consumers. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or the Company's products specifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Share Price Volatility

The market price of the Common Shares may be subject to wide price fluctuations. The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company 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 Company and its subsidiaries, general economic conditions, legislative changes, community support for the medical cannabis industry 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 Common Shares.

Reliance on Key Inputs

The Company's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the

Company's capital expenditure program may be significantly greater than anticipated by the Company's management, and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results 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 cannabis industry in Canada. 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.

Ability to Attract and Retain Qualified Personnel

The Company's success depends to a significant extent on its ability to identify, attract, hire, train and retain qualified personnel. Competition for such personnel may be intense and there can be no assurance that the Company will be successful in identifying, attracting, hiring and retaining such personnel in the future. If the Company is unable to identify, attract, hire and retain qualified personnel in the future, such inability could have a material adverse effect on its business, operating results and financial condition.

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 Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources.

Dividends

The Company has no dividend record, and does not currently 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

The Common Shares are listed on the TSXV and listing is not being sought for the Warrants; however, there can be no assurance 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. As the Warrants will not be listed, there will be a limited market for resale and any such resale shall be subject to applicable securities laws.

Infectious Disease and Pandemic Risk

Infectious diseases and pandemics, such as the COVID-19 pandemic, and related government responses could have a material and adverse effect on our business, financial condition and results of operations by adversely impacting our operations, supply chains, interactions with consumers and counterparties, and ability to meet consumer demand. Given the ongoing and dynamic nature of the circumstances, the extent to which COVID-19 will impact the Company's financial results and operations is uncertain. It is possible, however, that the Company's business operations and financial performance in 2021 and beyond may be

materially adversely affected by this global pandemic and/or like pandemics or epidemics. The impact of infectious diseases and pandemics on our business will vary depending on the duration, severity, and scope of the outbreak and the actions taken by applicable governmental entities to address and mitigate the infectious disease or pandemic.

Effectiveness of Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to reasonably assure that information required to be disclosed by the Company in reports it files or submits under applicable securities laws is accumulated and communicated to management, recorded, processed, summarized and reported within the time periods specified under applicable securities laws. The Company believes that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in the Company's control system, misstatements or insufficient disclosures due to error or fraud may occur and not be detected.

Effectiveness of Internal Controls

Effective internal controls are necessary to provide reliable financial reports and prevent fraud. If there is a failure to maintain an effective system of internal controls, the Company might not be able to report financial results accurately or prevent fraud; and in that case, shareholders could lose confidence in the Company's financial reporting, which would harm the business and could negatively impact the price of the Common Shares. While the Company believes that it has sufficient personnel and review procedures to maintain an effective system of internal controls, no assurance can be provided that potential material weaknesses in internal control could arise. Even if it is concluded that the internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm results of operations or cause a failure to meet future reporting obligations.

Effectiveness and Efficiency of Advertising and Promotional Expenditures

Our future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional expenditures, including our ability to (i) create awareness of our products; (ii) determine the appropriate creative message and media mix for future advertising expenditures within the limitations of the Cannabis Act; and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of our technologies or products. In addition, no assurance can be given that we will be able to manage our advertising and promotional expenditures on a cost-effective basis.

Key Personnel Risk

Our success and future growth will depend, to a significant degree, on the continued efforts of the Company's directors and officers to develop the business and manage operations and on their ability to

attract and retain key technical, scientific, sales and marketing staff or consultants. The loss of any key person or the inability to attract and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, scientific, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future. Our inability to retain and attract the necessary personnel could materially adversely affect our business and financial results from operations.

LEGAL MATTERS

Certain legal matters related to the securities offered by this Prospectus will be passed upon on our behalf by Dentons Canada LLP, with respect to matters of law. Certain Canadian legal matters relating to the Offering and this Prospectus will be passed upon by McCarthy Tétrault LLP, on behalf of the Agents. As of the date of this Prospectus, the partners and associates of Dentons Canada LLP and McCarthy Tétrault LLP, each as a group, own, directly or indirectly, in the aggregate, less than 1% of our issued and outstanding securities.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are BDO Canada LLP (“**BDO**”) who prepared an independent auditor’s report in respect of the audited consolidated financial statements of the Company for the year ended July 31, 2020.

BDO, having its address at 903 8th Avenue S.W., Suite 620, Calgary, Alberta, T2P 0P7, has confirmed that it is independent of the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Alberta.

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Prospectus or as having prepared or certified a report or valuation described or included in this Prospectus holds any beneficial interest, direct or indirect, in any securities or property of the Company or an associate or affiliate of the foregoing.

Our registrar and transfer agent for our Common Shares is Computershare Trust Company of Canada, and the Warrant Agent for the Warrants will be Computershare Trust Company of Canada, at its principal offices in Calgary, Alberta and Toronto, Ontario.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

In an offering of Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in a prospectus is limited, in certain provincial securities legislation, to the price at which the Warrant is offered to the public under the prospectus offering. This means that, under the

securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion, exchange or exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

Dated: September 7, 2021

This amended and restated short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated short form prospectus as required by the securities legislation in each of the Provinces of Canada, except Québec.

"TRAVIS MCINTYRE"

Travis McIntyre
Chief Executive Officer

"SHANE CHANA"

Shane Chana
Chief Financial Officer

On behalf of the Board of Directors of the Company

"GREGORY SMITH"

Gregory Smith
Director

"DONALD COWIE"

Donald Cowie
Director

CERTIFICATE OF THE AGENTS

Dated: September 7, 2021

To the best of our knowledge, information and belief, this amended and restated short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated short form prospectus as required by the securities legislation in each of the Provinces of Canada, except Québec.

LEED JONES GABLE INC.

"JIM DALE"

Jim Dale
Chief Executive Officer