

A copy of this preliminary short form 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 preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form 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 short form 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. These securities 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 U.S. state securities laws. Accordingly, these securities may not be offered or sold to, or for the account or benefit of, persons within the United States (as defined in Regulation S under the U.S. Securities Act) (the "United States") or U.S. persons (as defined in Regulation S under the U.S. Securities Act) ("U.S. Persons") except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities to, or for the account or benefit of, persons within the United States or U.S. Persons. See "Plan of Distribution".

Information has been incorporated by reference in this short form 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 Chief Financial Officer of Harvest One Cannabis Inc. by sending a written request to Suite 2650 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada V6E 3X1 (Telephone: 778 855-2408), and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

November 24, 2017



HARVEST ONE CANNABIS INC.

C\$17,500,000

8.0% Unsecured Convertible Debenture Units

**Price: \$1,000 per
Convertible Debenture Unit**

This short form prospectus qualifies the distribution in each of the provinces of Canada except Québec, of 17,500 unsecured convertible debenture units (the "**Debenture Units**") of Harvest One Cannabis Inc. ("**Harvest One**" or the "**Corporation**") at a price of \$1,000 per Debenture Unit (the "**Offering Price**") for aggregate gross proceeds of \$17,500,000 (the "**Prospectus Offering**"). The Debenture Units are being issued and sold pursuant to an underwriting agreement dated November 20, 2017 (the "**Underwriting Agreement**") among the Corporation and Mackie Research Capital Corporation (the "**Lead Underwriter**"), Haywood Securities Inc. and Eight Capital (collectively, the "**Underwriters**"). The Offering Price was determined based on arm's length negotiations between the Corporation and the Lead Underwriter, on behalf of the Underwriters, with reference to the prevailing market price of the common shares of the Corporation (each a "**Common Share**"). See "*Description of Securities Being Distributed*" and "*Plan of Distribution*".

Each Debenture Unit will consist of one 8.0% unsecured convertible debenture of the Corporation in the principal amount of \$1,000 (each, a "**Debenture**") with interest payable semi-annually on June 30 and December 31 of each year, commencing on June 30, 2018 (each, an "**Interest Payment Date**") and maturing five years from the date the Debentures are issued (the "**Maturity Date**") and 458 Common Share purchase warrants (each a "**Warrant**") expiring 36 months after the date of issuance of such Warrants. The Debentures will be governed by a debenture indenture (the "**Debenture Indenture**") to be dated as of the Closing Date (as defined herein) and to be entered into between the Corporation and Computershare Trust Company of Canada ("**Computershare**") as debenture trustee. The Warrants will be governed by a warrant indenture (the "**Warrant Indenture**") to be dated as of the Closing Date and to be entered into between the Corporation and Computershare as warrant trustee.

Each Debenture issued under the Prospectus Offering will be convertible at the option of the holder of the Debenture (each, a "**Debentureholder**" and collectively, the "**Debentureholders**") into Common Shares (the "**Debenture Shares**") at any time prior to the close of business on the earlier of: (i) the business day immediately preceding the Maturity Date; and (ii) the business day immediately preceding the date fixed for redemption of the Debentures, at a conversion price of \$0.84 per Common Share, subject to adjustment in certain events (the "**Conversion Price**"). Holders converting their Debentures will receive accrued and unpaid interest thereon for the period from and including the date of the latest interest payment date to, but excluding, the date of conversion.

The Corporation may force the conversion of the principal amount of the then outstanding Debentures (the "**Mandatory Conversion**") at the Conversion Price on not more than 60 days' and not less than 30 days' notice should the daily volume weighted average trading price of the Common Shares on the TSX Venture Exchange (the "**TSXV**") be greater than \$1.40 for the consecutive 30 trading days preceding the notice, subject to the Mandatory Conversion being permitted under the policies of the principal exchange for any trading of the Debentures at that time. See "*Debentures – Conversion Adjustments*".

Each Warrant shall entitle the holder thereof to purchase one Common Share (a "**Warrant Share**") at an exercise price (the "**Exercise Price**") equal to \$1.09 at any time up to 36 months following the Closing Date (the "**Warrant Expiry Date**") (subject to adjustment in certain events). If, at any time prior to the Warrant Expiry Date, the closing price of the Common Shares on the TSXV equals or exceeds \$1.64 for 10 consecutive trading days, the Corporation may, within 15 days of the occurrence of such event, provide notice to the holders of the Warrants by way of a news release accelerating the expiry date of the Warrants from the Warrant Expiry Date to the date that is 30 days following the date of such notice (the "**Accelerated Exercise Period**") subject to the Accelerated Exercise Period being permitted under the policies of the principal exchange for any trading of the Warrants at that time. Any unexercised Warrants will automatically expire at the end of the Accelerated Exercise Period.

The issued and outstanding Common Shares are listed and posted for trading on the TSXV under the trading symbol "HVST". On November 17, 2017, the last complete trading day prior to the announcement of the Prospectus Offering, the closing price of the Common Shares on the TSXV was \$0.84. On November 23, 2017, the last complete trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSXV was \$0.86.

The Corporation intends to apply to list the Debentures, the Warrants, the Debenture Shares, the Warrant Shares, the Broker Debentures (as defined herein), the Broker Warrants (as defined herein), the Common Shares underlying the Broker Debentures and the Common Shares underlying the Broker Warrants (collectively the "**Underlying Securities**") on the TSXV. Such listings will be subject to the Corporation fulfilling all of the listing requirements of the TSXV. This short form prospectus qualifies for distribution the Broker Debenture Units (as defined herein) and each of the Underlying Securities.

	<u>Price to the Public</u>	<u>Underwriters' Fee⁽¹⁾⁽²⁾</u>	<u>Net Proceeds to Harvest One⁽³⁾</u>
Per Debenture Unit	C\$1,000	C\$60.00	C\$940.00
Total Offering	C\$17,500,000	C\$1,050,000	C\$16,450,000

Notes:

- (1) In consideration for the services rendered by the Underwriters in connection with the Prospectus Offering, the Corporation has agreed to pay the Underwriters a cash commission equal to 6.0% (the "**Underwriters' Fee**") of the aggregate principal amount of the Debenture Units issued under the Prospectus Offering. As additional consideration for the services rendered in connection with the Prospectus Offering the Corporation has agreed to issue the Underwriters such number of Debenture Units (the "**Broker Debenture Units**") as is equal to 3.0% of the number of Units sold under the Prospectus Offering (including any gross proceeds raised on the exercise of the Over-Allotment Option). Each Broker Debenture Unit be comprised of one Debenture (the "**Broker Debenture**") and one Warrant (the "**Broker Warrant**"). This short form prospectus qualifies the distribution of the Broker Debenture Units. See "*Plan of Distribution*".
- (2) The Corporation has granted the Underwriters an over-allotment option (the "**Over-Allotment Option**"), exercisable in whole or in part in the sole discretion of the Underwriters at any time up to 30 days after the Closing Date (as defined herein), to purchase up to an additional 2,625 Debenture Units (the "**Over-Allotment Units**"), at the Offering Price, to cover over-allocations, if any, and for market stabilization purposes. The grant of the Over-Allotment Option is qualified by this short form prospectus. The Over-Allotment Option may be exercised by the Underwriters to acquire Over-Allotment Units at a price of \$1,000 per Over-Allotment Unit plus accrued interest from the Closing Date to the closing date of the Over-Allotment Option. A person who

acquires securities forming part of the Underwriters' over-allocation position acquires those securities under this short form prospectus regardless of whether the Underwriters' 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 for Over-Allotment Units, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Corporation" (before payment of the expenses of the Prospectus Offering) will be \$20,125,000, \$1,207,500 and \$18,917,500, respectively. See "*Plan of Distribution*" and the table below.

- (3) After deducting the Underwriters' Fee, but before deducting the expenses of the Prospectus Offering, estimated to be \$1,072,657. The Underwriters' Fee and expenses of the Prospectus Offering will be paid by the Corporation out of the gross proceeds of the Prospectus Offering. See "*Plan of Distribution*".

The Underwriters propose to offer the Debenture Units initially at the Offering Price specified above. After a reasonable effort has been made to sell all of the Debenture Units at the Offering Price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Debenture Units remaining unsold. Any such reduction will not affect the proceeds received by the Corporation. See "*Plan of Distribution*".

The Underwriters' position is as follows:

Underwriters' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	Option to acquire up to 2,625 Over-Allotment Units	30 days from the Closing Date	\$1000 per Over-Allotment Unit
Broker Debenture Units	Up to 604 Broker Debenture Units	N/A	Issued for no additional consideration.

The Underwriters, as principals, conditionally offer the Debenture Units, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters on behalf of the Corporation by Bennett Jones LLP and on behalf of the Underwriters by Burnet, Duckworth & Palmer LLP.

Subscriptions for the Debenture Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is anticipated that the Debentures and the Warrants will be delivered under the book-based system through CDS Clearing and Depository Services Inc. ("CDS") or its nominee and deposited in registered or electronic form with CDS on the closing of the Prospectus Offering, which is expected to be on or about December 11, 2017 (the "**Closing Date**"), or such other date as may be agreed upon by the Corporation and the Underwriters, provided that the Debenture Units are to be taken up by the Underwriters on or before the date that is not later than forty-two (42) days after the date of the receipt for the (final) short form prospectus relating to the Prospectus Offering. No certificates evidencing the Debentures and Warrants comprising the Debenture Units will be issued to subscribers, except in certain limited circumstances, and registration will be made in the name of the nominee of CDS. See "*Plan of Distribution*".

The earnings coverage ratio for the 12 months ended June 30, 2017 is less than one-to-one. The Corporation would have required an increase of \$8,438,225 in the numerator of this earnings coverage ratio in order to achieve an earnings coverage ratio of one-to-one for such period.

After giving effect to the Offering, the earnings coverage ratio for the 12 months ended June 30, 2017 is less than one-to-one. The Corporation would have required an increase of \$9,730,838 in the numerator of this earnings coverage ratio in order to achieve an earnings coverage ratio of one-to-one for such period.

The below director of the Corporation resides outside of Canada and has appointed the following agents for service of process:

Name of Persons	Name and Address of Agent
Peter Wall	Bennett Jones LLP, 3400 One First Canadian Place, Toronto, ON M5X 1A4

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

The Debentures and the Common Shares issuable upon conversion thereof are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

There is currently no market through which the Debentures or Warrants may be sold and purchasers may not be able to resell Debentures or Warrants purchased under this short form prospectus. This may affect the pricing of the Debentures and Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures and Warrants, and the extent of issuer regulation. Investing in the Debenture Units involves certain risks that should be considered by a prospective purchaser. The risk factors included or incorporated by reference in this short form prospectus should be carefully reviewed and considered by purchasers in connection with an investment in the Debenture Units. See "*Notice to Investors – Forward-Looking Information*" and "*Risk Factors*" in this short form prospectus, and in the AIF (as defined herein), which is incorporated by reference herein and available electronically on SEDAR at www.sedar.com.

The Corporation's head and registered office is located at Suite 2650 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada V6E 3X1.

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NOTICE TO INVESTORS

About this Short Form Prospectus

Readers should rely only on the information contained in this short form prospectus (including the documents incorporated by reference) and should not rely on some parts of the short form prospectus to the exclusion of others. The Corporation has not, and the Underwriters have not, authorized any other person to provide investors with additional or different information. If anyone provides you with additional, different or inconsistent information, including information or statements in articles about the Corporation or through other forms of media, readers should not rely on it. The Corporation is not, and the Underwriters are not, offering the securities in any jurisdiction in which the Prospectus Offering is not permitted. Investors should assume that the information contained in this short form prospectus is accurate only as of the date on the front of this short form prospectus and that information contained in any document incorporated by reference is accurate only as of the date of that document, regardless of the time of delivery of this short form prospectus or of any sale of the securities pursuant thereto. The Corporation's business, financial condition, results of operations and prospects may have changed since the date on the front of this short form prospectus.

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

Forward-Looking Information

This short form prospectus contains certain statements which contain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation (each, a "**forward-looking statement**"). No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this short form prospectus should not be unduly relied upon. Forward-looking information is by its nature prospective and requires the Corporation to make certain assumptions and is subject to inherent risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential", "capable", "budget", "*pro forma*" and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, among others, statements pertaining to:

- the completion of the Prospectus Offering and the receipt of all regulatory and stock exchange approvals in connection therewith;
- the anticipated Closing Date;
- the Corporation's future operating and financial results;
- the use of the net proceeds of the Prospectus Offering;
- the competitive and business strategies of the Corporation;
- whether the Corporation will have sufficient working capital and its ability to raise additional financing required in order to develop its business and continue operations;
- the development and licensing of the Corporation's Chemainus Facility (as defined herein);
- future production in respect of expansion at the Chemainus Facility site;

- changes in the regulatory environment, including the introduction of new provincial and federal regulatory regimes relating to recreational cannabis;
- the anticipated changes to Canadian federal laws regarding recreational cannabis and the impact of such changes on the Corporation; and
- the performance of the Corporation's business and operations.

The forward-looking statements within this document are based on information currently available and what management believes are reasonable assumptions. Forward-looking statements speak only as of the date of this short form prospectus. In addition, this short form prospectus may contain forward-looking statements attributed to third party industry sources, the accuracy of which has not been verified by us.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements in this short form prospectus, including, but not limited to, the following material factors:

- failure to comply with the requirements of the Corporation's licence to cultivate and sell cannabis;
- failure to maintain the Corporation's licence to cultivate and sell cannabis;
- share price volatility;
- any adverse change or event impacting the Corporation's Duncan Facility, Lucky Lake Facility or Chemainus Facility;
- the failure to obtain required regulatory approvals or permits;
- delays in the delivery or installation of equipment by suppliers;
- difficulties in integrating new equipment with existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, and insufficient funding or other resource constraints;
- any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical cannabis;
- a bankruptcy, liquidation or reorganization of any of Harvest One's subsidiaries;
- any delays in transporting the Corporation's product, breach of security or loss of product;
- increased competition, including increased competition as a result of the legalization of recreational cannabis;
- amendments to laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis, health and safety, privacy, the conduct of operations and the protection of the environment;

- loss of key personnel; and
- the failure of the Corporation to effectively manage growth.

Such factors are discussed in more detail under the heading "*Risk Factors*" in this short form prospectus and in the AIF (as defined herein). New factors emerge from time to time, and it is not possible for management to predict all of those factors or to assess in advance the impact of each such factor on the Corporation's 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.

The forward-looking statements contained in this short form prospectus are expressly qualified by the foregoing cautionary statements and are made as of the date of this short form prospectus. Except as may be required by applicable securities laws, the Corporation does not undertake any obligation to publicly update or revise any forward-looking statement to reflect events or circumstances after the date of this short form prospectus or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise. Readers should read this entire short form prospectus and consult their own professional advisors to ascertain and assess the income tax and legal risks and other aspects of their investment in the Debenture Units.

CURRENCY PRESENTATION AND FINANCIAL INFORMATION

Unless otherwise indicated, all references to monetary amounts in this short form prospectus are denominated in Canadian dollars. The financial statements of the Corporation incorporated herein by reference are reported in Canadian dollars and are prepared in accordance with International Financial Reporting Standards. Unless otherwise indicated, all references to "\$", "C\$" and "dollars" in this short form prospectus refer to Canadian dollars.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed by the Corporation with securities commissions or similar authorities in Canada are specifically incorporated into this short form prospectus:

- (a) the annual information form of the Corporation for the financial year ended June 30, 2017, dated November 20, 2017 (the "**AIF**");
- (b) the audited consolidated financial statements of the Corporation as at and for the years ended June 30, 2017 and June 30, 2016, together with the notes thereto and the auditor's report thereon, dated September 28, 2017 and April 18, 2017 respectively (the "**Annual Financial Statements**");
- (c) the management's discussion and analysis of the Corporation relating to the Annual Financial Statements, dated September 28, 2017 (the "**Annual MD&A**");
- (d) the management information circular of the Corporation dated August 30, 2017 and filed on SEDAR distributed in connection with the annual meeting of shareholders of the Corporation held on September 29, 2017; and
- (e) the "template version" (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements*) of the term sheet for the Prospectus Offering dated November 21, 2017, available electronically on SEDAR at www.sedar.com (the "**Marketing Materials**").

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including those types of documents referred to above and press

releases issued by the Corporation specifically referencing incorporation by reference into this short form prospectus, if filed by the Corporation with the provincial securities commissions or similar authorities in Canada after the date of this short form prospectus and before the distribution of the securities being qualified hereunder, are deemed to be incorporated by reference in this short form prospectus.

Documents referenced in any of the documents incorporated by reference in this short form prospectus but not expressly incorporated by reference therein or herein and not otherwise required to be incorporated by reference therein or in this short form prospectus are not incorporated by reference in this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this short form 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 document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes 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 is made.

MARKETING MATERIALS

The Marketing Materials do not form part of this short form prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this short form prospectus.

Any "template version" of "marketing materials" (each as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed after the date of this short form prospectus and before the termination of the distribution under the Prospectus Offering (including any amendments to, or an amended version of, the Marketing Materials) are deemed to be incorporated by reference into this short form prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Bennett Jones LLP, counsel to the Corporation, and Burnet, Duckworth & Palmer LLP, counsel to the Underwriters, based on the provisions of the Income Tax Act (Canada) and the regulations thereunder (collectively, the "**Tax Act**") in effect on the date hereof, the Debentures and Warrants offered pursuant to this short form prospectus, and the Common Shares issuable pursuant to the Debentures and the Warrants, will at the time of issuance be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan ("**RRSP**"), registered education savings plan ("**RESP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan ("**DPSP**") (other than, in the case of the Debentures, a trust governed by a DPSP to which the Corporation, or a corporation or employer that does not deal at arm's length with the Corporation, has made a contribution), registered disability savings plan ("**RDSP**") or tax-free savings account ("**TFSA**") (collectively, "Registered Plans"), provided:

in the case of the Debentures, on the date the Debentures offered pursuant to this short form prospectus are issued, either (i) the Debentures are listed on a designated stock exchange (as defined in the Tax Act), which currently includes tiers 1 and 2 of the TSXV, or (ii) the Common Shares are listed on a designated stock exchange (as defined in the Tax Act), which currently includes tiers 1 and 2 of the TSXV,

in the case of the Warrants, on the date the Warrants offered pursuant to this short form prospectus are issued, either (i) the Warrants are listed on a designated stock exchange (as defined in the Tax Act), which currently includes tiers 1 and 2 of the TSXV, or (ii) the Common Shares are listed on a designated stock exchange (as defined in the Tax Act), which currently includes tiers 1 and 2 of the TSXV, and the Corporation is not a "connected person" under the Registered Plan. For this purpose, a "connected person" under a Registered Plan is a person who is an annuitant, beneficiary, employer or subscriber under, or a holder of, the Registered Plan, and each person that does not deal at arm's length with that person; and

in the case of the Common Shares issuable pursuant to the Debentures and Warrants, on the date the Common Shares are issued, the Common Shares are listed on a designated stock exchange (as defined in the Tax Act), which currently includes tiers 1 and 2 of the TSXV.

Notwithstanding that the Debentures, the Warrants and/or the Common Shares, as the case may be, may be qualified investments for a trust governed by an RRSP, RRIF or TFSA, the annuitant of an RRSP or RRIF or holder of the TFSA, as the case may be, will be subject to a penalty tax if the Debentures, the Warrants or the Common Shares, as the case may be, are a "prohibited investment" within the meaning of the Tax Act. The Debentures, the Warrants and the Common Shares generally will not be a prohibited investment for an RRSP, RRIF or TFSA provided the annuitant of the RRSP or RRIF or holder of the TFSA, as the case may be, (i) deals at arm's length with the Corporation, for purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act for the purposes of the "prohibited investment" rules) in the Corporation. A Common Share will not be a "prohibited investment" if such Common Share is "excluded property" as defined in the Tax Act for the purposes of the "prohibited investment" rules for trusts governed by an RRSP, RRIF or TFSA.

Pursuant to the Proposed Amendments (as defined herein) released on September 8, 2017, the rules with respect to "prohibited investments" are also proposed to apply to (i) RESPs and subscribers thereof, and (ii) RDSPs and holders thereof.

Prospective investors who intend to hold Debentures, Warrants or Common Shares in a Registered Plan are advised to consult their personal tax advisors.

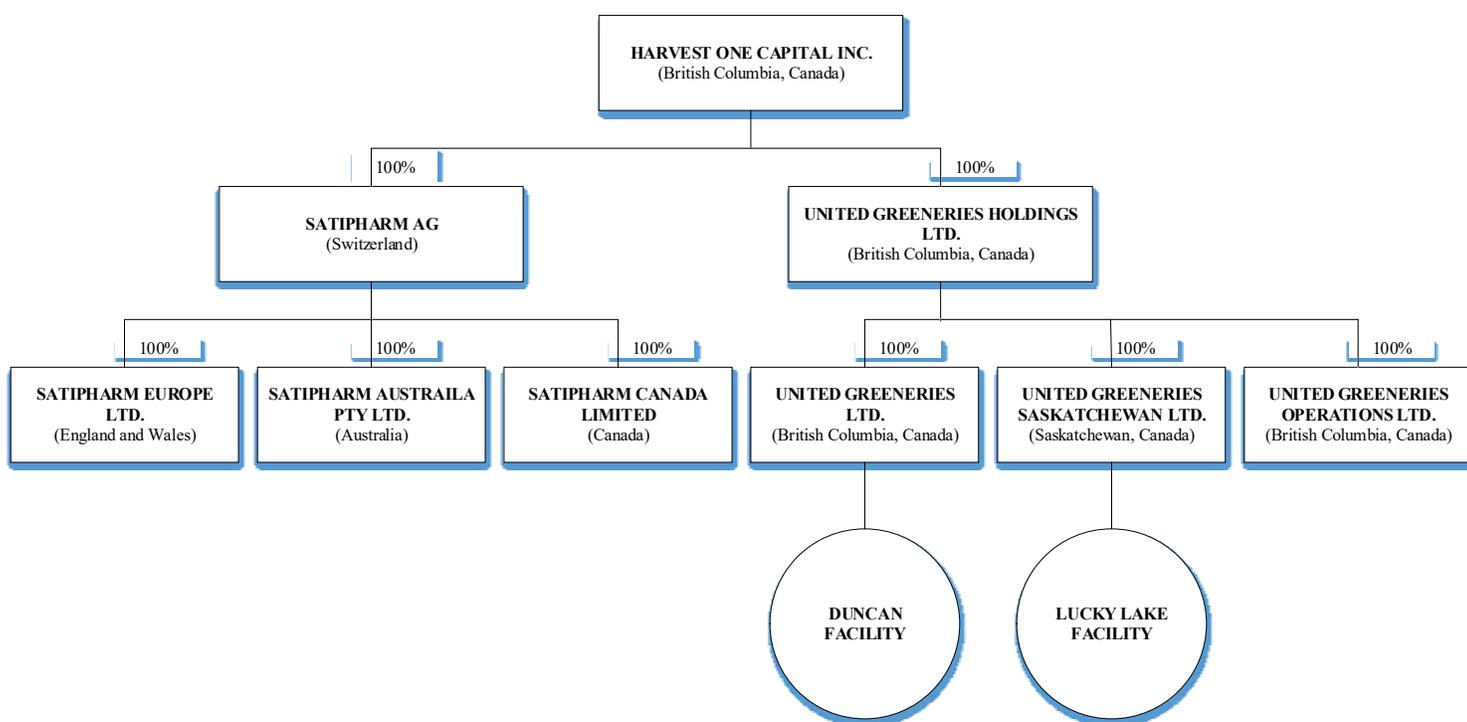
SUMMARY DESCRIPTION OF THE BUSINESS

Harvest One is an early entry global cannabis company servicing the medical market and preparing, subject to regulatory approval, to serve the new Canadian recreational cannabis markets. The Corporation is based in British Columbia, Canada and the Corporation's Common Shares are listed on the TSXV under the symbol "HVST". Harvest One serves as the

umbrella holding company over its two principal, wholly owned operating subsidiaries United Greeneries Holdings Inc. ("**United Greeneries**") and Satipharm AG ("**Satipharm**").

Harvest One was incorporated under the BCBCA on August 28, 2008, under the name "0833675 BC Ltd." On September 14, 2009, the Corporation changed its name to "Harvest One Capital Inc." The Corporation subsequently changed its name to "Harvest One Cannabis Inc." on April 26, 2017. The head and registered office of the Corporation is located at Suite 2650 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada V6E 3X1.

The following diagram illustrates the corporate structure and provides the name, the percentage of voting securities owned, directly or indirectly, by the Corporation and the jurisdiction of incorporation, continuance or formation of the Corporation's subsidiaries.



United Greeneries

United Greeneries is licensed to produce medical cannabis under the *Access to Cannabis for Medical Purposes Regulations* ("**ACMPR**"). United Greeneries received its licence to cultivate medical cannabis on June 28, 2016, and on October 13, 2017 received an amendment to its licence to allow for the sale of medical cannabis products to the public. The Corporation is focused on producing and selling medical cannabis and its derivatives through a two-pronged growth strategy, including both retail sales and wholesale channels and is preparing, subject to regulatory approval, to serve the new Canadian recreational cannabis markets.

United Greeneries currently conducts its operations at the Corporation's facility located in Duncan, British Columbia (the "**Duncan Facility**"). United Greeneries also owns the Corporation's facility located at Lucky Lake, Saskatchewan (the "**Lucky Lake Facility**").

Satipharm

Satipharm is based in Cham, Switzerland and specializes in the development and manufacturing of cannabis-based medical products. Satipharm is an international medical cannabis brand with focus on oral delivery technologies for strategic entry in emerging medical cannabis markets and the existing medical cannabis market in Canada, Australia and Europe.

Satipharm's goal is to develop cutting-edge technology and pharmaceutical-grade cannabis products for medical and health-based cannabis markets. Satipharm holds the exclusive global marketing and distribution rights to the Gelpell® Microgel technology for all cannabis related products.

RECENT DEVELOPMENTS

On November 20, 2017, the Corporation announced that its wholly owned subsidiary, United Greeneries entered into a letter of intent with a third party for a lease of a property in Chemainus, BC (the "**Chemainus Facility**") to accelerate and expand production capacity (the "**Chemainus Acquisition**") The Chemainus Facility was previously an industrial lumber kiln drying plant which the Corporation intends to use for the high quality indoor production of dried cannabis buds with a total annual capacity of approximately 8,000kg, subject to market demands, regulatory approvals and other variables. The letter of intent also provides United Greeneries a lease option on a further eight acres on the site, which could produce up to 35,000kg per year on a full build out and expansion scenario subject to market demands, regulatory approvals and other variables.

CONSOLIDATED CAPITALIZATION

The following table sets out the share and loan capital of Harvest One as at June 30, 2017, both before and after giving effect to the Prospectus Offering. The table should be read in conjunction with the Annual Financial Statements and the Annual MD&A, which are incorporated by reference in this short form prospectus as well as the other disclosure contained in this short form prospectus, including the risk factors described under the heading "*Risk Factors*" in this short form prospectus and in the AIF.

	As at June 30, 2017 before giving effect to the Prospectus Offering	As at June 30, 2017 after giving effect to the Prospectus Offering
Convertible debentures ⁽¹⁾⁽²⁾	\$Nil	\$11,913,908
Share capital ⁽³⁾⁽⁴⁾	\$33,843,668	\$33,843,668
Warrants ⁽⁶⁾	\$Nil	\$3,856,762
Broker warrants ⁽⁵⁾	\$1,306,276	\$1,410,182
Contributed surplus.....	\$489,688	\$489,688
Stock Options.....	\$1,601,811	\$1,601,811
Equity component of convertible debentures ⁽¹⁾⁽²⁾⁽³⁾	\$Nil	\$2,951,442
Accumulated other comprehensive loss.....	(\$89,019)	(\$89,019)
Retained earnings.....	\$(14,030,673)	\$(14,030,673)
Non-controlling interests.....	\$Nil	\$Nil
Total capitalization.....	\$23,121,751	\$41,947,7702

Notes:

- (1) After deducting the Underwriters' Fees and other fees and expenses of \$1,072,657 incurred in connection with the Prospectus Offering.
- (2) The Debentures are compound instruments. The net proceeds will be accounted for as a financial liability for an amount of \$11,913,908 and the remaining portion will be recognized in equity as a conversion option for an amount of \$2,951,442, net of a tax impact of \$1,036,993.
- (3) As of November 23, 2017, 89,177,458 Common Shares were issued and outstanding.
- (4) Excludes the issued and outstanding stock options of the Corporation.
- (5) Includes the 2,000,040 Prior Offering Warrants (as defined herein) issued under the Prior Offering (as defined herein). See "Prior Sales".
- (6) Excludes the Subscription Warrants (as defined herein). See "Prior Sales".

EARNINGS COVERAGE RATIOS**Before Giving Effect to the Prospectus Offering**

The Corporation's loss before interest and income tax expense for the year ended June 30, 2017 were (\$8,288,838). The Corporation's interest expense for the year ended June 30, 2017 amounted to \$149,387 for an earnings to interest coverage ratio of (55.49) times. The earnings coverage ratios set out above have been calculated using historical financial information derived from the Annual Financial Statements prepared in accordance with International Financial Reporting Standards. The earnings coverage ratio for the 12 months ended June 30, 2017 is less than one-to-one. The Corporation would have required an increase of \$8,438,225 in the numerator of this earnings coverage ratio in order to achieve an earnings coverage ratio of one-to-one for such period.

After Giving Effect to the Prospectus Offering

The Corporation's *pro forma* loss before interest and income taxes and its *pro forma* interest requirements, after giving effect to the Prospectus Offering (excluding any exercise, in whole or in part, of the Over-Allotment Option) for the year ended June 30, 2017 would have amounted to (\$8,288,838) and \$1,442,000, respectively, for an earnings to interest coverage ratio of (5.75) times. After giving effect to the Offering, the earnings coverage ratio for the 12 months ended June 30, 2017 is less than one-to-one. The Corporation would have required an increase of \$9,730,838 in the numerator of this earnings coverage ratio in order to achieve an earnings coverage ratio of one-to-one for such period.

USE OF PROCEEDS

The gross proceeds of the Prospectus Offering will be \$17,500,000. The estimated net proceeds of the Prospectus Offering will be \$15,377,343, after deducting the Underwriters' Fee of \$1,050,000 and the estimated expenses of the Prospectus Offering of \$1,072,657. The Underwriters' Fee and expenses of the Prospectus Offering are expected to be paid out of the gross proceeds of the Prospectus Offering.

Principal Purposes and Business Objectives

The net proceeds of the Prospectus Offering will be used to expand the Corporation's facilities as well as for working capital and general corporate purposes.

Assuming the Over-Allotment Option is not exercised (in whole or in any part), the net proceeds are expected to be used as follows:

Proceeds⁽¹⁾	
Prospectus Offering	\$17,500,000
Underwriters' Fee	\$1,050,000

Estimated expenses of the Prospectus Offering	\$1,072,657
Net Proceeds	\$15,377,343
Use of Proceeds	
Development and Expansion of the Chemainus Facility	\$9,000,000
General corporate purposes	\$6,377,343
Total	\$15,377,343

Notes:

(1) Assuming the Over-Allotment Option is not exercised in whole or in any part.

Development and Expansion of the Chemainus Facility

The Corporation has entered into a letter of intent with a third party for the lease of the Chemainus Facility. Subject to regulatory approval, the Corporation intends to use a portion of the proceeds of the Prospectus Offering to retrofit the Chemainus Facility into a cannabis indoor cultivation facility. Harvest One believes that the development of the indoor Chemainus Facility and its significant immediate expansion opportunity will allow it to accelerate and expand production capacity. See "*Recent Developments*",

The Corporation intends to spend the funds available to it 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 the Corporation spends 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 short form prospectus and in the AIF.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the Underwriting Agreement dated November 20, 2017 among the Corporation and the Underwriters, the Corporation has agreed to sell and the Underwriters have agreed to purchase, as principals, on a "bought deal" basis in the respective percentages set forth in the Underwriting Agreement, on the Closing Date, \$17,500,000 aggregate principal amount of Debenture Units, payable in cash to the Corporation against delivery by the Corporation of the Debenture Units. The Offering Price was determined by arm's length negotiation between the Corporation and Lead Underwriter, on behalf of the Underwriters, with reference to the prevailing market price of the Common Shares.

The Underwriting Agreement provides for the payment to the Underwriters of a fee equal to \$60 per \$1,000 principal amount of Debenture Units sold (or 6.0%) in the Prospectus Offering, including any Debenture Units sold pursuant to the Over-Allotment Option. As additional consideration for the services rendered in connection with the Prospectus Offering the Corporation has also agreed to issue the Underwriters such number of Broker Debenture Units as is equal to 3.0% of the gross proceeds from the Prospectus Offering (including any gross proceeds raised on exercise of the Over-Allotment Option). Each Broker Debenture Unit shall have substantially the same terms as the Debenture Units issued pursuant to the Prospectus Offering.

Pursuant to the Underwriting Agreement, Harvest One has agreed to indemnify the Underwriters and the Selling Firms (as defined in the Underwriting Agreement), and each of their respective directors, officers, employees, affiliates and agents and each Person (as defined in the Underwriting Agreement), if any, who controls any Underwriter or their respective subsidiaries or affiliates, against certain liabilities and expenses. The Corporation will be responsible for all expenses related to the Prospectus Offering, whether or not it is completed, including the reasonable fees and disbursements of legal counsel to the Underwriters (up to a maximum of \$100,000, exclusive of disbursements, expenses, HST and other applicable taxes) and the Underwriters' reasonable out-of-pocket expenses. At the option of the Underwriters, such fees and expenses may be deducted from the gross proceeds otherwise payable to the Corporation on the Closing Date.

Pursuant to the Underwriting Agreement, the Corporation has agreed not to directly or indirectly, offer, issue, sell, grant, secure, pledge or otherwise transfer, dispose of or monetize or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, any Common Shares or any securities convertible into or exchangeable for, or otherwise exercisable to acquire Common Shares or other equity securities of the Corporation for a period of 120 days after the Closing Date, without the prior written consent of the Lead Underwriter, on behalf of the Underwriters, such consent not to be unreasonably withheld, except in conjunction with: (i) the grant of stock options and other similar issuances pursuant to the share incentive plan of the Corporation and other share compensation arrangements, provided such options and other similar securities are granted or issued with an exercise price not less than the Offering Price; (ii) the exercise of outstanding warrants; or (iii) the issuance of securities by the Corporation in connection with acquisitions in the normal course of business

In addition to any other remedies which may be available to the Underwriters in respect of any default, act or failure to act, or non-compliance with the terms of the Underwriting Agreement by Harvest One, any Underwriter shall be entitled, at such Underwriter's option, to terminate and cancel, without any liability on such Underwriter's part, such Underwriter's obligations under the Underwriting Agreement to purchase the Debenture Units at any time prior to the Closing Date if: (i) (a) any inquiry, investigation or other proceeding, whether formal or informal, is commenced, announced, or threatened or any order or ruling is issued by any exchange or market, or any other regulatory authority in Canada or the United States; or (b) enactment or change in any law, rule or regulation, or the interpretation or administration thereof which, in the reasonable opinion of the Underwriters, could operate to prevent, restrict or otherwise seriously adversely affect the distribution or trading of the Underlying Securities or the Common Shares; (ii) there is, after the date of the Underwriting Agreement, a material change or a change in any material fact or a new material fact arises or is discovered that in the opinion of the Underwriter, in its sole discretion, acting reasonably and in good faith, would be expected to have a significant adverse effect on the market price or value of the securities of the Corporation; (iii) there should develop, occur or come into effect or existence, or be announced, any event, action, state, condition or any action, law or regulation, inquiry including without limitation, terrorism, accident or major financial, political or economic occurrence of national or international consequence, or any action, government, law, regulation, inquiry or other occurrence of any nature, which, in such Underwriter's opinion, in its sole discretion, acting reasonably and in good faith, may seriously adversely affect or involve the Canadian or United States financial markets or the business, operations or affairs of the Corporation; or (iv) Harvest One is in breach of any material term, condition or covenant of the Underwriting Agreement or any representation or warranty given by Harvest One in the Underwriting Agreement becomes or is false; (v) the Underwriters become aware of any adverse material change with respect to the Corporation or its subsidiaries which had not been publicly disclosed to the Underwriters prior to the date of the Underwriting Agreement and which would have a material adverse effect on the market price or value of the Underlying Securities and (v) the final receipt is not received from the British Columbia Securities Commission by 5:00 p.m. (Toronto time) on December 4, 2017.

Pursuant to the rules and policy statements of certain Canadian securities regulators, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Debenture Units for their own account or for accounts over which they exercise control or direction. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Debenture Units. These exceptions include 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 and a bid or purchase made for or on behalf of a client where the client's order was not solicited during the period of distribution. Subject to applicable laws and in connection with the Prospectus Offering, the Underwriters may over-allot or effect transactions in connection with the Prospectus Offering intended to stabilize or maintain the market price of the Debenture Units at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

Subscriptions for the Debenture Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is anticipated that the Debentures and Warrants will be delivered under the book-based system through CDS or its nominee and deposited in registered or electronic form with

CDS on the Closing Date, or such other date as may be agreed upon by the Corporation and the Underwriters, provided that the Debenture Units are to be taken up by the Underwriters on or before the date that is not later than forty-two (42) days after the date of the receipt for the (final) short form prospectus relating to the Prospectus Offering. A purchaser of Debenture Units will receive only a customer confirmation from the registered dealer through which the Debenture Units are purchased.

The Debentures and 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 Act 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, to or for the account or benefit of, persons within the United States or U.S. Persons. Except as permitted in the Underwriting Agreement and as expressly permitted by applicable laws of the United States, the Underwriters will not offer, sell or deliver the Debenture Units to, or for the account or benefit of, persons in the United States or to U.S. Persons. The Underwriting Agreement permits the Underwriters, acting through their registered United States broker-dealer affiliates, to offer and sell the Debenture Units to, or for the account or benefit of, persons in the United States or U.S. Persons who are "qualified institutional buyers" (as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act ("**Qualified Institutional Buyers**")), provided such offers and sales are made in accordance with Rule 144A, and in compliance with exemptions under applicable U.S. state securities laws. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Debenture Units outside the United States to non-U.S. Persons only in accordance with Rule 903 of Regulation S under the U.S. Securities Act.

This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Debenture Units to, or for the account or benefit of, persons in the United States or U.S. Persons. In addition, until forty (40) days after the closing of the Prospectus Offering, an offer or sale of the Debenture Units, to, or for the account or benefit of, persons within the United States or a U.S. Person by any dealer (whether or not participating in the Prospectus Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements under the U.S. Securities Act and similar exemptions under applicable state securities laws.

The Debenture Units will be offered in each of the provinces of Canada, except Québec, through the Underwriters or their affiliates who are registered to offer the Debenture Units for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Debenture Units outside of Canada.

The Corporation intends to apply to list the Underlying Securities on the TSXV. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSXV.

The issued and outstanding Common Shares are currently listed on the TSXV under the symbol "HVST". On November 17, 2017, the last complete trading day prior to the announcement of the Prospectus Offering, the closing price of the Common Shares on the TSXV was \$0.84. On November 23, 2017, the last complete trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSXV was \$0.86. **There is currently no market through which the Debentures or Warrants may be sold and purchasers may not be able to resell Debentures or Warrants purchased under this short form prospectus. This may affect the pricing of the Debentures and Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation. See "*Risk Factors*".**

DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

The Prospectus Offering consists of Debenture Units offered at the Offering Price of \$1,000 per Debenture Unit. Each Debenture Unit will consist of one Debenture in the principal amount of \$1,000 and 458 Warrants.

Convertible Debentures

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

General

The Debentures will be issued under the Debenture Indenture which for greater certainty, will also govern the Broker Debentures. Computershare will act as the trustee under the Debenture Indenture, and is also the Corporation's transfer agent and registrar.

The Debentures to be issued will be in the aggregate principal amount of \$18,025,000. The Corporation may, from time to time, without the consent of the Debentureholders, issue additional debentures of a same or different series under the Debenture Indenture, in addition to the Debentures offered hereby.

The Debentures will be dated as of the Closing Date and will mature five years from the date the Debentures are issued. The Debentures will be issuable only in denominations of C\$1,000 and integral multiples thereof and will bear interest from and including the date of issue at 8.0% per annum, which will be payable semi-annually in arrears on June 30 and December 31 of each year, commencing on June 30, 2018. The first interest payment will include interest accrued from the Closing Date to, but excluding, June 30, 2018. Assuming the Closing Date occurs on December 11, 2017, the first interest payment payable on June 30, 2018 will be in the amount of \$44.44 per \$1,000 principal amount of Debentures and each subsequent interest payment will be in the amount of \$40.00 per \$1,000 principal amount of Debentures. Interest will be computed on the basis of a 360-day year composed of twelve 30-day months.

Payment

Unless the Corporation directs otherwise, payments of interest and principal on the Debentures will be made to CDS or its nominee, as the case may be, as the registered holder of the Debentures. As long as CDS is the registered holder of the Debentures, CDS or its nominee will be considered the sole legal owner of the Debentures for the purposes of receiving payments of interest and principal on the Debentures and for all other purposes under the Debenture Indenture and the Debentures. The record date for the payment of interest will be five business days prior to each Interest Payment Date. Interest payments on Debentures will be made by electronic funds transfer or certified cheque on the Interest Payment Date and delivered to CDS or its nominee, as the case may be.

The Corporation also understands that payments of interest and principal by a member firm of CDS who participates in the book-based system (a "**Participant**") to owners of beneficial interest in such Debentures held through such Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participants. The responsibility and liability of the Corporation in respect of payments on the Debentures represented by the Debenture is limited solely and exclusively to making payment of any interest and principal due on such Debenture to CDS or its nominee. If a certificate evidencing the Debentures (a "**Debenture Certificate**") is issued instead of or in place of the Debentures, payments of interest on each Debenture Certificate will be made by electronic funds transfer, if agreed to by the holder of the Debenture Certificate, or by cheque dated the applicable Interest Payment Date and mailed to the address of the holder appearing in the register maintained by the registrar for the Debentures, at the close of business on the last business day of the month preceding the month of the applicable Interest Payment Date.

Prepayment

The Debentures may be prepaid (including all principal amounts and accrued interest thereunder) at any time on a date that is 24 months following the Closing Date on not greater than 60 days' and not less than 30 days' notice, provided that the daily volume weighted average trading price of the Common Shares on the TSXV is not less than \$1.40 for the 30 consecutive trading days preceding the date on which the notice is given, and the Corporation elects to prepay the then outstanding total aggregate Debentures outstanding, subject to the prepayment being permitted under the policies of the principal exchange for any trading of the Debentures at that time. Such a prepayment is currently not permitted under the policies of the TSXV.

Conversion Privilege

The Debentures will be convertible, at no additional consideration, at the option of the Debentureholder into Common Shares any time prior to the earlier of: (i) the close of business on the business day immediately preceding the Maturity Date; (ii) the business day immediately preceding the date fixed for redemption of the Debentures, at a conversion price of \$0.84 per Common Share, subject to adjustment in certain events (the "**Conversion Price**"). Holders converting their Debentures will receive accrued and unpaid interest thereon for the period from and including the date of the latest interest payment date to, but excluding, the date of conversion. The Conversion Price may be adjusted upon the occurrence of certain events. No fraction of a Common Share will be issued upon conversion of the Debentures. Notwithstanding the foregoing, no Debentures may be converted on an Interest Payment Date or during the five business days preceding each Interest Payment Date.

Conversion Adjustments

The Debenture Indenture will provide for the adjustment of the Conversion Price in certain events including, without limitation: (i) the subdivision or consolidation of the outstanding Common Shares; (ii) the issue of Common Shares or securities convertible into Common Shares by way of stock dividend or other distribution to all or substantially all holders of Common Shares; (iii) the payment of a cash dividend or distribution to the holders of all or substantially all of the Common Shares; (iv) the issue of rights, options or warrants to all or substantially all of the holders of Common Shares entitling them to acquire Common Shares or other securities convertible into Common Shares at less than 95% of the then market price; (v) if there is a reclassification of the Common Shares or a capital reorganization, consolidation, amalgamation, arrangement, share exchange merger of the Corporation pursuant to which Common Shares are converted into or acquired for cash, securities or other property of the Corporation; (vi) the distribution to all or substantially all holders of Common Shares of any securities or assets; and (vii) the payment to all or substantially all holders of Common Shares in respect of an issuer bid by the Corporation for Common Shares (other than normal course issuer bids) to the extent that the market value of the payment exceeds the Current Market Price ("**Current Market Price**" will be defined in the Debenture Indenture to mean, on any given day, the volume weighted average trading price for the Common Shares on the TSXV (or such other recognized stock exchange) for the 20 consecutive trading days ending the fifth trading day preceding such date) of the Common Shares on the date of expiry of the issuer bid.

Any such participation is subject to receipt of prior regulatory approval. In addition, the Corporation will not be required to make adjustments to the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1% and any adjustment which is not required to be made will be carried forward and will be taken into consideration at the time of any subsequent adjustment.

The Corporation will give registered Debentureholders at least fourteen (14) days prior notice of the record date or effective date for each of the distributions referred to in paragraphs (i) (ii), (iii), (iv), (v), (vi) or (vii).

Change of Control of the Corporation

Upon the occurrence of any event as a result of or following which any person, or group of persons "acting jointly or in concert" within the meaning of applicable Canadian securities laws, beneficially owns or exercises control or direction over an aggregate of more than 50% of the then outstanding Common Shares; or (ii) the sale or other transfer of all or substantially all of the consolidated assets of the Corporation (each, a "**Change of Control**"), Debentureholders will have the right to require the Corporation to offer to repurchase their Debentures within thirty (30) days following the consummation of the Change of Control, in whole or in part, at a price equal to 104% of the principal amount of the Debentures plus accrued and unpaid interest thereon (the "**Offer Price**").

If 90% or more of the principal amount of the Debentures outstanding on the date of the notice of Change of Control have been tendered to the Corporation, the Corporation will have the right to redeem all the remaining Debentures at the Offer Price.

Ranking

The Debentures will be direct, unsecured obligations of the Corporation ranking *pari passu* with all other current and future debt and other liabilities of the Corporation, effectively subordinated to all current and future secured debt and other liabilities of the Corporation to the extent of the assets securing such debt and other liabilities and senior to any future debt of the Corporation that is expressly subordinated to the Debentures.

Events of Default

The Debenture Indenture will provide, among other things, that any one or more of the following events shall constitute an event of default ("**Event of Default**") with respect to the Debentures thereunder: (i) default in payment of principal of (and premium, if any) on any Debentures when due, whether at maturity, upon redemption, by declaration, a Change of Control or otherwise (whether such payment is due in cash, Common Shares or other securities or property or a combination thereof); (ii) default in payment of interest on any Debentures when due and payable and the continuance of any such default for ten (10) days; (iii) default in performing or observing any material covenant, condition, agreement or obligation of the Corporation and the continuance of such default for thirty (30) days after the date on which written notice of such default has been given to the Corporation by Computershare or by the Debentureholders holding not less than 25% in principal amount of the outstanding Debentures specifying such default and requiring the Corporation to rectify the same; (iv) certain events of bankruptcy, insolvency or reorganization of the Corporation under applicable bankruptcy or insolvency laws; (v) default in the delivery, when due, of all cash and any Common Shares or other consideration payable on conversion with respect to the Debentures, which default continues for fifteen (15) days; (vi) a resolution is passed for the winding-up or liquidation of the Corporation or any material subsidiary or (vii) any proceedings with respect to the Corporation or any material subsidiary are taken with respect to a compromise or arrangement with respect to creditors of the Corporation or any material subsidiary generally, under the applicable legislation of any jurisdiction.

The Debenture Indenture will provide that if an Event of Default specified therein shall occur and be continuing with respect to a Debenture issued thereunder, then Computershare may, in its discretion, and shall, upon request of the Debentureholders holding not less than 25% in principal amount of outstanding Debentures, declare the principal of (and premium, if any) together with accrued interest on all Debentures to be due and payable immediately upon written notice to the Corporation. In certain cases, the holders of a majority of the principal amount of Debentures then outstanding may, on behalf of the Debentureholders, waive any Event of Default and/or cancel any such declaration upon such terms as such holders shall prescribe.

No Debentureholder will have any right to pursue any remedy (including any action, suit or proceeding authorized or permitted by the Debenture Indenture or pursuant to applicable law) with respect to the Debenture Indenture or the Debenture unless: (i) the Debentureholder gives to Computershare written notice of the happening of an event of default; (ii) the Debentureholders by Extraordinary Resolution (defined in the Debenture Indenture as a resolution passed by the

favourable votes of the holders of not less than 66⅔% of the principal amount of the Debentures) or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to Computershare and Computershare shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; (iii) the Debentureholders or any of them shall have furnished to Computershare, when so requested by Computershare, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (iv) Computershare shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are declared in every such case, at the option of Computershare, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the Debentureholder.

Cancellation

All Debentures converted, redeemed, repurchased or purchased as aforesaid will be cancelled by Computershare forthwith and may not be reissued or resold.

Modification

The rights of the Debentureholders as well as any other series of Debentures that may be issued under the Debenture Indenture may be modified in accordance with the terms of the Debenture Indenture (and any supplements related thereto). For that purpose, among others, the Debenture Indenture will contain certain provisions which will make binding on all Debentureholders any resolutions passed at meetings of the holders of Debentures by votes cast thereat by holders of not less than 66⅔% of the principal amount of the Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the Debentures.

Book Entry, Delivery and Form

The Debentures will be issued in book-entry only form. CDS will act as securities depository for the Debentures. The Debentures will be represented by one or more global certificates (the "**Global Debentures**") or NCI unless the Corporation, in its sole discretion, elects to prepare and deliver definitive Debentures in fully registered form (the "**Definitive Debentures**"). The Global Debentures will be issued as fully-registered in book-entry only form in the name of CDS or its nominee, CDS & Co. The ownership interest of each actual purchaser of the applicable security, referred to as a "beneficial owner", is to be recorded on the participant's records. Beneficial owners will not receive written confirmation from CDS of their purchases, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from a Participant through which the beneficial owner entered into the transaction.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (i) may not have Debentures registered in their name; (ii) may not have physical certificates representing their interest in the Debentures; (iii) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (iv) may be unable to pledge Debentures as security.

All interests in the Debentures will be subject to the operations and procedures of CDS. The following is a summary of those operations and is provided by the Corporation solely for convenience. The operations and procedures of each settlement system may be changed at any time. The Corporation is not responsible for those operations and procedures and changes related thereto.

To facilitate subsequent transfers, all Debentures deposited by Participants are registered in the name of CDS. The deposit of Debentures with CDS and their registration in the name of CDS effect no change in beneficial ownership. CDS has no knowledge of the actual beneficial owners of the Debentures. CDS's records reflect only the identity of the direct

Participants to whose accounts such Debentures are credited, which may or may not be the beneficial owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Transfers of ownership interests in the Debentures will be effected by entries made on the books of the Participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Debentures except in the event that use of the book-entry only system for the Debentures is discontinued.

Conveyance of notices and other communications by CDS to direct participants, by direct participants to indirect Participants, and by Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

CDS will not consent or vote with respect to the Debentures. Under its usual procedures, CDS would mail an omnibus proxy to the Corporation as soon as possible after the record date. The omnibus proxy assigns CDS's consent or voting rights to those direct participants to whose accounts the Debentures are credited on the record date (identified in a listing attached to the omnibus proxy).

The Corporation will make any payments on the Debentures to CDS. CDS's practice is to credit direct Participants' accounts on the payment date in accordance with their respective holdings shown on CDS's records unless CDS has reason to believe that it will not receive payment on the payment date. Payments by Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participant and not of CDS or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time.

The Corporation will be responsible for the payment of all amounts due in respect of principal and interest to Computershare to enable to Computershare to forward or cause to be forwarded such funds to CDS. CDS will be responsible for the disbursement of those payments to its participants, and the participants will be responsible for disbursements of those payments to beneficial owners.

CDS may discontinue providing its service as securities depository with respect to the Debentures at any time by giving reasonable notice to the Corporation. If CDS discontinues providing its service as securities depository with respect to the Debentures and the Corporation is unable to obtain a successor securities depository, an investor will automatically take a position in the component securities and the Corporation will print and deliver Definitive Debentures.

Also, in the event that the Corporation decides to discontinue use of the system of book-entry only transfers through CDS (or a successor securities depository), the Corporation will print and deliver to the investor Definitive Debentures for the Debentures the investor may own.

The information in this section concerning CDS and CDS' book-entry only system has been obtained from sources that the Corporation believes to be reliable, including CDS, but neither the Corporation nor the Underwriters take responsibility for its accuracy.

Neither the Corporation nor any trustee nor the Underwriters will have any responsibility or obligation to participants, or the persons for whom they act as nominees, with respect to:

- the accuracy of the records of CDS, its nominee, or any Participant, any ownership interest in the securities; or
- any payments to, or the providing of notice, to Participants or beneficial owners.

Transfer and Exchange of Debentures

Transfers of beneficial ownership in Debentures represented by Global Debentures will be effected through records maintained by CDS for such Global Debentures or its nominee (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Unless the Corporation elects, at its sole discretion, to prepare and deliver Definitive Debentures, beneficial owners who are not Participants in the book-entry systems of CDS, but who desire to purchase, sell or otherwise transfer ownership of or other interests in Global Debentures, may do so only through Participants in CDS's book-entry systems.

The ability of a beneficial owner of an interest in a Debenture represented by a Global Debenture to pledge the Debenture or otherwise take action with respect to such owner's interest in a Debenture represented by a Global Debenture (other than through a CDS Participant) may be limited due to the lack of a certificate.

If Definitive Debentures are issued instead of or in place of Global Debentures, registered Debentureholders of Definitive Debentures may transfer such Debentures upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Definitive Debentures to the registrar for the Debentures at its principal office in the City of Montréal, Province of Québec, or such other city or cities as may from time to time be designated by the Corporation whereupon new Definitive Debentures will be issued in authorized denominations in the same aggregate principal amount as the Debentures so transferred, registered in the names of the transferees.

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 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 the Exercise Price at any time prior to 5:00 p.m. (Toronto time) on the date that is three years following the Closing Date, subject to acceleration and adjustment in certain customary events, after which time the Warrants will expire.

The Warrants will be subject to the Accelerated Exercise Period (subject to such Accelerated Exercise Period being permitted under the policies of the principal exchange for any trading of the Warrants at that time) whereby if, at any time prior to the expiry date of the Warrants, the closing trading price of the Common Shares on the TSXV equals or exceeds \$1.64 for 10 consecutive trading days, the Corporation may, within 15 days of the occurrence of such event, deliver a notice to the holders of Warrants by way of a news release accelerating the expiry date of the Warrants to the date that is 30 days following the date of such notice. Any unexercised Warrants shall automatically expire at the end of the Accelerated Exercise Period.

The Warrants will be issued under and governed by the Warrant Indenture to be entered into on the Closing Date between the Corporation and Computershare, as warrant agent. The Corporation will appoint the principal transfer office of Computershare in Vancouver, British Columbia and Toronto, Ontario as the locations at which the Warrants may be surrendered for exercise, transfer or exchange. Under the Warrant Indenture, the Corporation 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 adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- (a) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or

substantially all of the holders of the Common Shares by way of a stock dividend or other distribution (other than a dividend in the ordinary course or a distribution of Common Shares upon the exercise of any Warrants or options outstanding as of the date of the Warrant Indenture);

- (b) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares;
- (c) the consolidation, reduction or combination of the Common Shares into a lesser number of Common Shares;
- (d) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "Current Market Price" ("**Current Market Price**" will be defined in the Warrant Indenture as the weighted average of the trading price per Common Share for such Common Shares for each day there was a closing price for the twenty consecutive Trading Days ending immediately prior to such date on the TSXV) for the Common Shares on such record date; and
- (e) the distribution to all or substantially all of the holders of the Common Shares of securities of any class, whether of the Corporation any other trust (other than Common Shares), rights, options or warrants to subscribe for or purchase Common Shares or securities exchangeable or convertible into any Common Shares (other than pursuant to a "Rights Offering", as defined in the Warrant Indenture), evidences of indebtedness or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

- (a) reclassifications of the Common Shares;
- (b) consolidations, amalgamations, arrangements or mergers of the Corporation 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 the Common Shares into other shares); or
- (c) the transfer of the undertaking or assets of the Corporation 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.

The Corporation will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to Computershare 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, the Corporation 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 shall form a quorum and passed by the affirmative vote of the holders of Warrants representing not less than 66^{2/3}% 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 66^{2/3}% of the aggregate number of all the then outstanding Warrants.

The Warrants and the Warrant Shares issuable upon the exercise of the Warrants have not been and will not be registered under the U.S. Securities Act or any state securities laws. The Warrants will not be exercisable by, or on behalf of, a person in the United States or a U.S. Person, nor will any certificates representing the Warrant Shares issuable upon exercise of the Warrants be registered or delivered to an address in the United States, unless an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws is available and the Corporation has received an opinion of counsel of recognized standing to such effect in form and substance satisfactory to the Corporation; provided, however, that a holder who is an Qualified Institutional Buyer at the time of exercise of the Warrants who purchased Debenture Units in the Prospectus Offering to, or for the account or benefit of, persons in the United States or U.S. Persons will not be required to deliver an opinion of counsel in connection with the exercise of Warrants that are a part of those Debenture Units.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Bennett Jones LLP, counsel to the Corporation, and Burnet, Duckworth & Palmer LLP, counsel to the Underwriters, the following is, as at the date of this short-form prospectus, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to an investor who acquires as beneficial owner pursuant to the Prospectus Offering Debentures and Warrants comprising the Debenture Units and Common Shares either pursuant to such Warrants (a Warrant Share) or on the conversion, redemption or maturity of such Debentures (a Debenture Share) (for purposes of this section, collectively, the "**Subject Securities**") and who, for purposes of the Tax Act and at all relevant times, (i) holds the Subject Securities as capital property, (ii) deals at arm's length with the Corporation, the Underwriters, and any person that such holder subsequently sells or otherwise transfers Subject Securities to, and (iii) is not affiliated with the Corporation, the Underwriters, or any person to which such holder subsequently sells or otherwise transfers Subject Securities (a "**Holder**"). Generally, Subject Securities will be considered to be capital property to a Holder provided the holder does not hold the Subject Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder (i) that is a "financial institution" (as defined in the Tax Act for the purposes of the mark-to-market rules), (ii) an interest in which would be a "tax shelter investment" (as defined in the Tax Act), (iii) that is a "specified financial institution" (as defined in the Tax Act), (iv) that has elected to report its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency, (v) that has entered or will enter into a "derivative forward agreement" or "synthetic disposition arrangement" (as defined in the Tax Act) with respect to Subject Securities, or (vi) that is a corporation resident in Canada and is (or does not deal at arm's length within the meaning of the Tax Act with a corporation resident in Canada that is), or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of Debentures or Common Shares, controlled by a non-resident corporation for purposes of section 212.3 of the Tax Act. **Any such Holder should consult its own tax advisor with respect to an investment in the Units.** 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 Subject Securities.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend

the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") (except as described below) and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") made publicly available prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law or administrative policy or assessing practice, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of the Government's intention to amend the Tax Act to, among other things, increase the amount of tax applicable to certain investment income earned through a private corporation (the "**July 2017 Proposed Amendments**"). On October 18, 2017, the Government of Canada announced its intention to move forward with these passive investment measures, which are expected to be introduced in the 2018 Federal Budget. This summary does not address the potential implications of the July 2017 Proposed Amendments. Holders should consult their tax advisors with respect to the implications of the July 2017 Proposed Amendments as they relate to the holding, acquisition and disposition of Subject Securities.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder or prospective Holder of Subject Securities, and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. Consequently, Holders and prospective Holders of Subject Securities should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Debenture Units pursuant to this Prospectus Offering, having regard to their particular circumstances.

Allocation of Purchase Price

Holders will be required to allocate on a reasonable basis their cost of each Debenture Unit between the Debentures and the Warrants in order to determine their respective costs for purposes of the Tax Act.

For its purposes, the Corporation intends to allocate \$749 to each Debenture and \$251 to the Warrants. Although the Corporation believes that its allocation is reasonable, it is not binding on the CRA or the Holder.

Exercise of Warrants

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 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 such cost with the adjusted cost base (determined immediately before the acquisition of the Warrant Share) to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

Holders Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada (a "**Canadian Holder**"). Certain Canadian Holders of Debentures or Common Shares who might not otherwise be considered to hold their Debentures or Common Shares as capital property may, in certain circumstances, be entitled to have the Debentures and Common Shares, and all other "Canadian securities" (as defined in the Tax Act) owned by such Holders in the taxation year of the election and any subsequent taxation year, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election is not available in respect of

Warrants. Canadian Holders should consult their own tax advisors regarding this election.

Taxation of Canadian Holders of Debentures

Taxation of Interest on Debentures

A Canadian Holder of Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will generally be required to include in computing its income for a taxation year any interest on the Debentures (i) that accrues or that is deemed to accrue to it to the end of the particular taxation year, or (ii) that has become receivable by or is received by the Canadian Holder before the end of that taxation year, including on a conversion, redemption or repayment at maturity, except to the extent that such interest was included in computing the Canadian Holder's income for a preceding taxation year.

Any other Canadian Holder, including an individual (other than a unit trust or a trust of which a corporation or a partnership is a beneficiary), will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by the Canadian Holder in that taxation year (depending upon the method regularly followed by the Canadian Holder in computing income), except to the extent that the interest was included in the Canadian Holder's income for a preceding taxation year. In addition, if such Canadian Holder has not otherwise included all interest that accrued on the Debentures in computing the Canadian Holder's income at periodic intervals of not more than one year, such Canadian Holder will be required to include in computing income for a taxation year any interest that accrues to the Canadian Holder on the Debenture up to the end of any "anniversary day" (as defined in the Tax Act) in that year to the extent such interest was not otherwise included in the Canadian Holder's income for that year or a preceding taxation year.

It is likely that the portion of the purchase price that is allocated to a Debenture will be less than the principal amount of the Debenture. If the allocation is nominal, such amount may increase a Canadian Holder's capital gain (or reduce its capital loss) on the disposition of the Debenture, including on repayment, redemption or conversion. Alternatively, the Canadian Holder may be required to include in its income, an additional amount equal to the difference between the portion of the purchase price allocated to the Debenture and its principal amount ("**Discount**") either in one or more taxation years in which the Discount accrues or in a taxation year in which the Discount is received or receivable by the Canadian Holder. **Canadian Holders should consult their own tax advisors in this regard.**

A Canadian Holder of Debentures that throughout the relevant taxation year is a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay a refundable tax on its "aggregate investment income", which is defined in the Tax Act to include interest income.

Exercise of the Conversion Privilege

Generally, a Canadian Holder that converts a Debenture into Debenture Shares pursuant to its right of conversion under the terms of the Debenture and only receives Debenture Shares upon such conversion (other than cash delivered in lieu of a fraction of a Debenture Share) will be deemed not to have disposed of the Debenture and, accordingly, will not be considered to realize a capital gain (or capital loss) upon such conversion. Under the current administrative practice of the CRA, a Canadian Holder who, upon conversion of a Debenture, receives cash not in excess of \$200 in lieu of a fraction of a Debenture Share may either treat this amount as proceeds of disposition of a portion of the Debenture, thereby realizing a capital gain (or capital loss), or reduce the adjusted cost base of the Debenture Shares that the Canadian Holder receives upon conversion by the amount of the cash received.

The aggregate cost to a Canadian Holder of the Debenture Shares acquired upon conversion of a Debenture will generally be equal to the aggregate of the adjusted cost base to the Canadian Holder of the Debenture immediately before the conversion, minus any reduction of adjusted cost base for fractional shares as discussed above. The adjusted cost base to a Canadian Holder of Debenture Shares acquired on the conversion of a Debenture must be averaged with the adjusted cost base

(determined immediately before the conversion) of all other Common Shares owned by the Canadian Holder as capital property at the time of the conversion of the Debenture to determine the Canadian Holder's adjusted cost base of all such Common Shares held.

Upon conversion of a Debenture, interest accrued thereon will be included in computing the income of the Canadian Holder as described above under "*Holders Resident in Canada - Taxation of Canadian Holders of Debentures - Taxation of Interest on Debentures*", to the extent that such interest has not otherwise been included in computing the Canadian Holder's income for the taxation year or a previous taxation year.

Other Disposition of Debentures

A Canadian Holder that disposes of (or is deemed to have disposed of) a Debenture (including due to a redemption, payment of the Debenture on maturity or purchase of the Debenture for cancellation, but not including conversion of a Debenture into Debenture Shares pursuant to the Canadian Holder's conversion privilege as described above), will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Debenture, net of any amount otherwise required to be included in the Canadian Holder's income as interest, exceed (or are less than) the aggregate of the adjusted cost base of the Debenture to the Canadian Holder and any reasonable costs of disposition. The treatment of capital gains and losses is described below under the heading "*Holders Resident in Canada - Taxation of Canadian Holders of Common Shares - Taxation of Capital Gains and Capital Losses*".

Upon a disposition or deemed disposition of a Debenture by a Canadian Holder, the Canadian Holder will be required to include in computing income the amount of interest accrued on the Debenture from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in computing the Canadian Holder's income for the taxation year or a previous taxation year, and such amount will be excluded in computing the Canadian Holder's proceeds of disposition of the Debenture as described above.

Taxation of Canadian Holders of Warrants

Expiry of Warrants

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

Dispositions of Warrants

Upon a disposition (or a deemed disposition) of a Warrant (other than on the exercise thereof), a Canadian Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Warrant, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such Warrant, to the Canadian Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under "*Holders Resident in Canada - Taxation of Canadian Holders of Common Shares - Taxation of Capital Gains and Capital Losses*".

Taxation of Canadian Holders of Common Shares

Dividends on Common Shares

Dividends received or deemed to be received on Common Shares held by a Canadian Holder will be included in the Canadian Holder's income for the purposes of the Tax Act.

Such dividends received by a Canadian Holder that is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Corporation as "eligible dividends". There may be limitations on the ability of the Corporation to designate dividends as eligible dividends.

Taxable dividends received by a Canadian Holder who is an individual (other than certain trusts) may result in such Canadian Holder being liable for alternative minimum tax under the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

A Canadian Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. A "private corporation" as defined in the Tax Act or any other corporation controlled for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Canadian Holder's taxable income.

Disposition of Common Shares

A disposition or a deemed disposition of a Common Share by a Canadian Holder (except to the Corporation) will generally result in the Canadian Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share exceed (or are less than) the aggregate of the adjusted cost base to the Canadian Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Holdings Resident in Canada - Taxation of Canadian Holders of Common Shares - Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Canadian Holder in a taxation year must be included in the Canadian Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Canadian Holder in a taxation year must be deducted from taxable capital gains realized by the Canadian Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Canadian Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where 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 a trust.

A Canadian Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay a refundable tax on its "aggregate investment income", which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

Holdings Not Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act (i) is neither resident nor deemed to be resident in Canada, (ii) does not, and is not deemed to, use or hold Subject Securities in, or in the course of carrying on, a business carried on in Canada, (iii) is entitled to receive all payments (including all principal and interest) made on a Debenture, (iv) deals at arm's length with any person or partnership who is a resident or deemed to be a resident in Canada to whom the Holder assigns or otherwise transfers a Debenture, (v) is not a person who carries on an insurance business in Canada and elsewhere; (vi) is not an "authorized foreign bank" (as defined in the Tax Act), and (vii) is neither a "specified shareholder" (as defined in subsection 18(5) of the Tax Act) of the Corporation nor a person who does not deal at arm's length with a specified shareholder of the Corporation (a "**Non-Canadian Holder**").

Taxation of Non-Canadian Holders of Debentures

Taxation of Interest on Debentures

A Non-Canadian Holder will generally not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by the Corporation, on account or in lieu of payment of, or in satisfaction of, interest or principal on the Debentures. See "*Risk Factors - Debentures may be Subject to Withholding Tax and Participating Debt Interest*".

Exercise of the Conversion Privilege

Generally, a Non-Canadian Holder that converts a Debenture into Debenture Shares pursuant to its right of conversion under the terms of the Debenture and only receives Debenture Shares on such conversion (other than cash delivered in lieu of a fraction of a Debenture Share), will be deemed not to have disposed of the Debenture and, accordingly, will not be considered to realize a capital gain (or capital loss) upon such conversion.

On a conversion by a Non-Canadian Holder of a Debenture pursuant to its right of conversion under the terms of the Debenture in exchange for Debenture Shares and cash in lieu of a fraction of a Debenture Share, if such Debenture Shares constitute "taxable Canadian property" to the Non-Canadian Holder, as discussed below, and if the value of such cash does not exceed \$200, under current administrative practice of the CRA, the Non-Canadian Holder may choose to (i) treat this amount as proceeds and report a gain or loss and pay tax in Canada subject to relief under the applicable tax treaty or convention, or (ii) reduce, by the amount of cash received, the adjusted cost base of such Debenture Shares received.

Upon the conversion of a Debenture into Debenture Shares, any payment representing interest accrued from the date of the last payment of interest to the date of conversion, or any deemed payment of interest, will be subject to the Canadian federal income tax considerations described above under "*Holdings Not Resident in Canada – Taxation of Non-Canadian Holders of Debentures – Taxation of Interest on Debentures*".

Other Disposition of Debentures

On the disposition or deemed disposition of a Debenture (otherwise than on the conversion of a Debenture into Debenture Shares pursuant to the Non-Canadian Holder's conversion privilege as described above), a Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder, unless the Debenture constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention.

Generally, provided the Common Shares are listed on a designated stock exchange (which currently includes tiers 1 and 2 of the TSXV) at the time of the disposition of a Debenture, the Debenture will not constitute taxable Canadian property of a Non-Canadian Holder at such time unless, at any time during the 60-month period immediately preceding the disposition of the Debenture, the following conditions are satisfied concurrently (the "**TCP Conditions**"): (i) (a) the Non-Canadian Holder, (b) persons with whom the Non-Canadian Holder did not deal at arm's length, (c) partnerships in which the Non-

Canadian Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships, or (d) any combination of the persons and partnerships described in (a) through (c), owned 25% or more of the issued shares of any class of the capital stock of the Corporation, 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 real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as defined in the Tax Act), and options in respect of, or interests in or for civil law rights in, any such properties whether or not the properties exist. A Debenture may also be deemed to be taxable Canadian property in certain other circumstances.

A Non-Canadian Holder contemplating a disposition of Debentures that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

Even if a Debenture is "taxable Canadian property" to a Non-Canadian Holder, such Non-Canadian Holder may be exempt from tax under the Tax Act on the disposition of such Debenture by virtue of an applicable income tax treaty or convention. Non-Canadian Holders whose Debentures constitute "taxable Canadian property" should consult their own tax advisors in this regard.

If a Debenture is "taxable Canadian property" to a Non-Canadian Holder and such Non-Canadian Holder is not exempt from tax under the Tax Act in respect of the disposition of such Debenture pursuant to an applicable income tax treaty or convention, the tax consequences as described above under the headings "*Holdings Resident in Canada – Taxation of Canadian Holders of Debentures – Other Dispositions of Debentures*", and "*Holdings Resident in Canada – Taxation of Canadian Holders of Common Shares – Taxation of Capital Gains and Capital Losses*" will generally apply.

If a Debenture is "taxable Canadian property" to a Non-Canadian Holder, the Non-Canadian Holder may in certain circumstances be required to file a Canadian tax return reporting the disposition of such Debenture even if no gain is realized by the Non-Canadian Holder on the disposition or the gain is otherwise exempt from Canadian tax under the provisions of an applicable income tax treaty or convention.

Taxation of Non-Canadian Holders of Warrants

Dispositions of Warrants

On a disposition of a Warrant (other than on the acquisition of a Warrant Share pursuant to the terms of Warrants as discussed above), a Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder unless the Warrant constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention.

Generally, provided the Common Shares are listed on a designated stock exchange (which currently includes tiers 1 and 2 of the TSXV) at the time of the disposition of a Warrant, the Warrant will not constitute taxable Canadian property of a Non-Canadian Holder at such time unless, at any time during the 60-month period immediately preceding the disposition of the Warrant, the TCP Conditions (described above) are met. A Warrant may also be deemed to be taxable Canadian property in certain other circumstances.

A Non-Canadian Holder that disposes of, or is deemed to have disposed of, a Warrant that constitutes "taxable Canadian property" will generally be subject to the same tax consequences described above under "*Holdings Not Resident in Canada – Taxation of Non-Canadian Holders of Debentures – Other Dispositions of Debentures*".

A Non-Canadian Holder contemplating a disposition of Warrants that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

Taxation of Non-Canadian Holders of Common Shares

Dividends on Common Shares

Any dividends paid or credited, or deemed to be paid or credited, on the Common Shares to a Non-Canadian Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention, which the Non-Canadian Holder is entitled to the benefits of, between Canada and the Non-Canadian Holder's country of residence. For instance, where the Non-Canadian Holder is a resident of the United States that is entitled to full benefits under the Canada-United States Income Tax Convention (1980), as amended, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%.

Disposition of Common Shares

A Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder on a disposition of a Common Share issuable pursuant to the terms of the Warrants or the Debentures, unless the Common Shares constitute "taxable Canadian property" (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention.

Generally, provided the Common Shares are listed on a designated stock exchange (which currently includes tiers 1 and 2 of the TSXV) at the time of the disposition of a Common Share, the Common Shares will not constitute taxable Canadian property of a Non-Canadian Holder at such time unless, at any time during the 60-month period immediately preceding the disposition of the Common Share, the TCP Conditions (described above) are met. A Common Share may also be deemed to be taxable Canadian property in certain other circumstances.

A Non-Canadian Holder that disposes of, or is deemed to have disposed of, a Common Share that constitutes "taxable Canadian property" will generally be subject to the same tax consequences described above under "*Holder's Not Resident in Canada – Taxation of Non-Canadian Holders of Debentures – Other Dispositions of Debentures*".

A Non-Canadian Holder contemplating a disposition of Common Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

PRIOR SALES

As of November 23, 2017, there were 89,177,458 Common Shares outstanding. Other than as described below, during the 12 month period before the date of this short form prospectus, the Corporation has not issued any other Common Shares or securities that are convertible or exchangeable into Common Shares.

Date	Type of Security	Number of Securities	Issue Price Per Security	Aggregate Issue Price	Consideration Received
April 26, 2017	Subscription Receipts ⁽¹⁾	33,334,000	\$0.75	\$25,000,500	Cash
May 16, 2017	Common Shares ⁽²⁾	223,464	\$0.179	\$40,000	Cash
April 26, 2017	Broker Warrants ⁽³⁾	2,000,040	\$0.75	1,306,276	Cash
Total		35,557,504		\$26,346,776	

Notes:

- (1) In connection with the completion of the acquisition of 100% of the issued and outstanding shares of United Greeneries and Satipharm (the "**Acquisition**"), the Corporation issued 33,334,000 subscription receipts (the "**Subscription Receipts**") of the Corporation (the "**Prior Offering**"). Each Subscription Receipt was automatically exchanged for one unit of the Corporation (the "**Units**") upon the completion of the Acquisition. Each Unit consisted of one Common Share and one common share purchase warrant of the Corporation (the "**Subscription Warrants**"), entitling the holder thereof to acquire one Common Share for an exercise price of \$1.00 per Subscription Warrant for a period of 36 months from the issuance of such Subscription Warrants.
- (2) Common Shares issued upon exercise of options by former management and directors of Harvest One.
- (3) In connection with the Offering, the Corporation issued 2,000,040 warrants of the Corporation (the "**Prior Offering Warrants**"). The Prior Offering Warrants are exercisable at a price of \$0.75 per Prior Offering Warrant and expire 36 months from the date of issue. Each Prior Offering Warrant is exercisable for one Common Share and one Common Share purchase warrant.

TRADING PRICE AND VOLUME

The Common Shares are listed on the TSXV under symbol "HVST". The following table sets out the high and low trading prices and aggregate volumes of trading of Common Shares on a monthly basis for each month, or part month, where applicable, for the 12-month period before the date of this short form prospectus.

Period	High (\$)	Low (\$)	Volume
2016			
November	N/A	N/A	N/A
December	N/A	N/A	N/A
2017			
January	N/A	N/A	N/A
February	N/A	N/A	N/A
March ⁽¹⁾	N/A	N/A	N/A
April	0.88	0.70	4,248,175
May	1.04	0.61	21,820,031
June	0.73	0.485	6,428,681

Period	High (\$)	Low (\$)	Volume
July.....	0.67	0.47	4,655,457
August.....	0.66	0.56	1,471,692
September.....	0.86	0.61	3,890,550
October.....	0.96	0.60	14,974,501
November 1 – 23.....	0.95	0.63	20,317,920

Notes:

(1) The Common Shares of Harvest One were halted on October 20, 2015, and did not resume trading until April 28, 2017, following the completion of the Acquisition, which constituted the Corporation's "Qualifying Transaction" within the meaning of TSX-V policy.

On November 23, 2017, the last complete trading day prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSXV was \$0.86.

RISK FACTORS

Risks Related to the Prospectus Offering

An investment in the Debenture Units is speculative

An investment in the Debenture Units and the Corporation's prospects generally, are speculative due to the risky nature of its business and the present stage of its development. Investors may lose their entire investment and should carefully consider the risk factors described below and under the heading "*Risk Factors*" in the AIF. The risks described below, in the AIF are not the only ones facing the Corporation. Additional risks not currently known to the Corporation, or that the Corporation currently deems immaterial, may also impair the Corporation's operations. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below (or incorporated by reference herein) or other unforeseen risks. If any of the risks described below or in the AIF actually occur, then the Corporation's business, financial condition and operating results could be adversely affected. Investors should carefully consider the risks below and in the AIF and the other information elsewhere in this short form prospectus and consult with their professional advisors to assess any investment in the Corporation.

Discretion in Use of Proceeds

The Corporation intends to use the net proceeds of the Prospectus Offering to achieve its stated business objective as set forth under "*Use of Proceeds*". The Corporation maintains broad discretion to spend the proceeds in ways that it deems most efficient. The application of the proceeds to various items may not necessarily enhance the value of the Debentures, the Warrants or the Common Shares. The failure to apply the net proceeds as set forth under "*Use of Proceeds*", or the failure of the Corporation to achieve its stated business objectives set forth in such section, could adversely affect the Corporation's business and, consequently, could adversely affect the price of the Debentures, the Warrants and the Common Shares on the open market.

Market for the Securities

There is currently no market through which the Debentures or the Warrants may be sold. Even though the Corporation has agreed to use its commercially reasonable best efforts to file an application to list the Debentures and the Warrants on the TSXV, there can be no assurance that such listing application will be accepted by the TSXV, or that a secondary market for trading in the Debentures or the Warrants will develop or that any secondary market which does develop will continue. Also, there can be no assurances that any such secondary market will be active or liquid. To the extent that an active trading

market for the Debentures and Warrants does not develop, the liquidity and the trading prices for the Debentures and Warrants may be adversely affected.

Volatility of Market Price of the Common Shares, Warrants and Debentures

The market price of the Common Shares, Warrants and Debentures may be volatile and subject to wide fluctuations and will be based on a number of factors, including: (i) the prevailing interest rates being paid by companies similar to the Corporation; (ii) the overall condition of the financial and credit markets; (iii) interest rate volatility; (iv) the markets for similar securities; (v) the financial condition, results of operation and prospects of the Corporation; (vi) the publication of earnings estimates for the Corporation or other research reports and speculation regarding the Corporation in the press or investment community; (vii) changes in the industry in which the Corporation operates and competition affecting the Corporation; and (viii) general market and economic conditions. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Common Shares, Warrants and Debentures.

Risks Related to the Debentures

Ability to Satisfy Interest and Principal Payments

There is no guarantee that the Corporation will have sufficient cash available to make interest and principal payments on the Debentures on a timely basis or at all. The likelihood that purchasers will receive the payments owing to them in connection with the Debentures will be dependent upon the financial health and creditworthiness of the Corporation and the ability of the Corporation to earn revenues. The Debentures will be direct, unsecured obligations of the Corporation, effectively subordinated to all current and future secured debt and other liabilities of the Corporation to the extent of the assets securing such debt and other liabilities. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the Corporation, the assets that serve as collateral for any secured indebtedness would be made available to satisfy the obligations of the creditors of such secured indebtedness before being available to pay the Corporation's obligations to Debentureholders. Accordingly, all or a substantial portion of the Corporation's assets could be unavailable to satisfy the claims of the Debentureholders. In addition, the Debentures will not be guaranteed by any subsidiary of the Corporation and will be structurally subordinated to all current and future liabilities of the Corporation's subsidiaries, including trade payables. This subordination may significantly reduce the possibilities for purchasers of obtaining payment of the amounts owed under the Debentures.

Prevailing Yields on Similar Securities

Prevailing yields on similar securities will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Absence of Covenant Protection

The Debenture Indenture will not limit the ability of the Corporation to incur additional debt or liabilities (including senior indebtedness) or otherwise from mortgaging, pledging or charging its real or personal property to secure any indebtedness or other financing. Nor will the Debenture Indenture prohibit or limit the ability of the Corporation to pay dividends, except where an Event of Default has occurred and such default has not been cured or waived. The Debenture Indenture will not contain any provision specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the Corporation or any of its subsidiaries.

Change of Control

The Corporation is required to offer to purchase all outstanding Debentures upon the occurrence of a Change of Control. However, it is possible that, following a Change of Control, the Corporation will not have sufficient funds at that time to make the required purchase of outstanding Debentures or that restrictions contained in other indebtedness will restrict those purchases. See "*Convertible Debentures – Change of Control of the Corporation*".

Redemption Prior to Maturity

The Debentures will not be redeemable at the option of the Corporation before a date that is 24 months following the date of issuance. On or after a date that is 24 months following the date of issuance and prior to the Maturity Date, the Debentures may be redeemed in whole or in part at the option of the Corporation, on not more than sixty (60) days and not less than thirty (30) days prior notice provided that the Current Market Price on which the notice of redemption is given is not less than \$1.40 for the 30 consecutive trading days preceding the date on which the notice is given. Debentureholders should assume that this redemption option will be exercised if the Corporation is able to refinance at a lower interest rate or it is otherwise in the interest of the Corporation to redeem the Debentures.

Conversion following Certain Transactions

In the case of certain transactions, each Debenture will become convertible into securities, cash or property receivable by a holder of Common Shares in the kind and amount of securities, cash or property into which the Debenture was convertible immediately prior to the transaction. This change could substantially reduce or eliminate any potential future value of the conversion privilege associated with the Debentures in the future. See "*Convertible Debentures – Change of Control of the Corporation*".

Credit Risk

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the Corporation and its creditworthiness.

Structural Subordination of the Debentures

Liabilities of a parent entity with assets held by various subsidiaries may result in the structural subordination of the lenders of the parent entity. The parent entity is entitled only to the residual equity of its subsidiaries after all debt obligations of its subsidiaries are discharged. In the event of a bankruptcy, liquidation or reorganization of Harvest One, holders of Harvest One indebtedness (including holders of Debentures) may become subordinate to lenders to Harvest One subsidiaries.

Dilution

The Corporation may determine to redeem outstanding Debentures for Common Shares or to repay outstanding principal amounts thereunder at maturity of the Debentures by issuing additional Common Shares. The issuance of additional Common Shares may have a dilutive effect on the Corporation's shareholders and an adverse impact on the price of Common Shares. Prevailing yields on similar securities will affect the market value of the Debentures.

Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Shareholder Rights

Holders of Debentures and Warrants will not be entitled to any rights with respect to the Common Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Common Shares, other

than extraordinary dividends that the board of directors designates as payable to the holders of the Debentures), but if such a holder subsequently: (a) exercises its Warrants; or (b) converts its Debentures, into Common Shares, such holder will be subject to all changes affecting the Common Shares. Rights with respect to the Common Shares will arise only if and when the Corporation delivers Common Shares upon (a) the exercising of a Warrant; or (b) the conversion of a Debenture and, to a limited extent, under the conversion rate adjustments under the Warrant Indentures and the Debenture Indentures. For example, in the event that an amendment is proposed to the Corporation's constating documents requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of Common Shares to a holder, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes in the powers or rights of Common Shares that result from such amendment.

Withholding and Change in Tax Laws

The Debenture Indenture will not contain a requirement that the Corporation increase the amount of interest or other payments to holders of Debentures in the event that the Corporation is required to withhold amounts in respect of income or similar taxes on payments of interest or other amounts on the Debentures. At present, the Corporation does not intend to withhold amounts from such payments to holders of Debentures that, for purposes of the Tax Act, are at the time of payment either (i) resident in Canada, or (ii) not resident in Canada and (A) deal at arm's length with the Corporation, and (B) are not deemed to receive such payments as dividends, but no assurance can be given that the Tax Act and other applicable income tax laws will not be changed in a manner that may require the Corporation to withhold amounts in respect of tax payable on such amounts. See "*Certain Canadian Federal Income Tax Considerations*".

Withholding and Participating Debt Interest

The Tax Act does not generally impose withholding tax on interest paid or credited to non-residents of Canada with whom the payor deals at arm's length. However, Canadian withholding tax does apply to payments of "participating debt interest", which is defined in the Tax Act as interest that is paid on an obligation where all or any portion of such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any similar criterion.

Under the Tax Act, when a debenture or other debt obligation issued by a person resident in Canada is assigned or otherwise transferred by a non-resident person to a person resident in Canada (which would include a conversion or exchange of the obligation, and a redemption or payment on maturity), the amount, if any, by which the price for which the obligation was assigned or transferred exceeds the price for which the obligation was issued is deemed to be a payment of interest on that obligation made by the person resident in Canada to the non-resident (an "**Excess**").

The deeming rule does not apply in respect of certain "excluded obligations" (as defined in the Tax Act), although it is not clear whether a particular Debenture would qualify as an excluded obligation. If a Debenture is not an excluded obligation, the issues that arise are whether any such Excess which is deemed to be interest is participating debt interest, and if the Excess is participating debt interest, whether that results in all interest on the obligation being considered to be participating debt interest.

The CRA has stated that it would not consider the Excess to be participating debt interest, provided that the convertible debenture in question satisfied the requirements of a "standard convertible debenture" (as that term was defined in a letter from the Joint Committee on Taxation of the Canadian Bar Association and the Canadian Institute of Chartered Accountants dated May 10, 2010), and therefore there would be no withholding tax in such circumstances (provided generally that the payor and payee deal at arm's length for purposes of the Tax Act). The Corporation believes that the Debentures should generally meet the criteria set forth in the CRA's statement. However, the application of CRA's published guidance to the Debentures is uncertain and there is a risk that CRA could take the position that amounts paid or payable to a Non-Canadian Holder of Debentures on account of interest or any Excess may be subject to Canadian withholding tax at a rate of 25% (subject to any reduction in accordance with any applicable income tax treaty).

Investment Eligibility

The Corporation will endeavour to ensure that, following the issuance of the Debentures and the Warrants, the Debentures, the Warrants and the Common Shares continue to be qualified investments under the Tax Act for trusts governed by Plans (except, in the case of the Debentures, a deferred profit sharing plan to which the Corporation, or an employer that does not deal at arm's length with the Corporation, has made a contribution), however there can be no assurance that the conditions prescribed for the Debentures, the Warrants and the Common Shares to continue to be qualified investments will be adhered to at any particular time. The Tax Act imposes penalties for the acquisition or holding of non-qualified or prohibited investments.

Risks Relating to Harvest One's Business

Failure to acquire the Chemainus Facility

There can be no assurance that the Corporation will complete the Chemainus Acquisition on the basis described herein, or at all. If the closing of the Chemainus Acquisition does not take place as contemplated, the Corporation could suffer adverse consequences, including the loss of investor confidence.

Chemainus Facility is not Licensed under the ACMPR

The Chemainus Facility is not licensed by Health Canada under the ACMPR as a facility where the cultivation of cannabis is permitted. United Greeneries' ability to cultivate, store and sell medical cannabis at the Chemainus Facility is dependent on obtaining a license from Health Canada and there can be no assurance that United Greeneries will obtain such a license for the Chemainus Facility.

Facility Expansion

Assuming the completion of the Chemainus Acquisition, any expansion of the Chemainus Facility (provided that it receives a license) is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond Harvest One's control. These uncertainties include the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment with existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, and insufficient funding or other resource constraints. Additionally, sufficient power will be required to expand the Chemainus Facility, which the Corporation may not be able to secure, or secure at economically viable rates. The actual cost of construction may exceed the amount budgeted for expansion. As the result of construction delays, cost overruns, changes in market circumstances or other factors, Harvest One may not be able to achieve the intended economic benefits from the expansion of operations at existing facilities, which in turn may affect Harvest One's business, prospects, financial condition and results of operations. In particular, any expansion of the Chemainus Facility (provided that it receives a license) is subject to Health Canada regulatory approvals. The delay or denial of such approvals may have a material adverse impact on the business of Harvest and may result in Harvest not meeting anticipated or future demand when it arises.

Operations in Foreign Jurisdictions

Certain of the Corporation's operations are located in foreign jurisdictions. As such, the Corporation's operations at various times may be exposed to political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties include, but are not limited to:

- renegotiation, nullification, termination or rescission of existing concessions, licenses, permits and contracts;
- repatriation restrictions;

- changing political conditions;
- currency exchange rate fluctuations;
- taxation policies;
- changing government policies and legislation;
- import and export regulations;
- infrastructure development policy; and
- environmental legislation.

Changes, if any, in policies or shifts in political attitude may adversely affect the Corporation's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, environmental legislation, and land use. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Corporation's operations and profitability.

In addition, in the event of a dispute arising from operations in a foreign jurisdiction, the Corporation may be subject to the exclusive jurisdiction of foreign courts.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are BDO Canada LLP, a partnership of Chartered Professional Accountants, located at located at 600 Cathedral Place, 925 West Georgia Street, Vancouver, BC, V6C 3L2.

The transfer agent and registrar of the Corporation is Computershare Investor Services Inc., 100 University Avenue, Toronto, Ontario, M5J 2Y1.

INTERESTS OF EXPERTS

Certain legal matters relating to the Prospectus Offering and this prospectus will be passed upon by Bennett Jones LLP, on behalf of the Corporation, and Burnet, Duckworth & Palmer LLP, on behalf of the Underwriters. As of the date hereof, each of Bennett Jones LLP and Burnet, Duckworth & Palmer LLP, as respective groups, beneficially own, directly and indirectly, less than one percent of the outstanding Common Shares.

LEGAL PROCEEDINGS

There are no legal proceedings that the Corporation is or was party to, or that any of its property is or was subject of, during the last completed financial year, nor are there any such legal proceedings known to the Corporation to be contemplated that involve a claim for damages, exclusive of interest and costs, exceeding 10% of the current assets of the Corporation.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain 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 of Canada, 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, revisions 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 adviser.

In an offering of warrants (including the Warrants comprising part of the Debenture Units) or convertible debentures (including the Debentures comprising part of the Debenture Units), investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the warrant or convertible debenture 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 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 adviser.

CERTIFICATE OF THE CORPORATION

Date: November 24, 2017.

This 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 short form prospectus as required by the securities legislation of each of the provinces of Canada except Québec.

By: (signed) "*Andreas Gedeon*"
Chief Executive Officer

By: (signed) "*Lisa Dea*"
Chief Financial Officer

On Behalf of the Board of Directors:

By: (signed) "*Peter Wall*"
Director

By: (signed) "*Will Stuart*"
Director

CERTIFICATE OF THE UNDERWRITERS

Date: November 24, 2017.

To the best of our knowledge, information and belief, this 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 short form prospectus as required by the securities legislation of each of the provinces of Canada except Québec.

**MACKIE RESEARCH CAPITAL
CORPORATION**

By: (signed) *"Kevin Shaw"*

HAYWOOD SECURITIES INC.

By: (signed) *"Campbell Becher"*

EIGHT CAPITAL

By: (signed) *"Patrick McBride"*



HARVEST ONE