



HARVEST ONE

HARVEST ONE CANNABIS INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED JUNE 30, 2017

DATED AS OF NOVEMBER 17, 2017

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ANNUAL INFORMATION FORM

In this annual information form (the "AIF"), unless otherwise noted or the context indicates otherwise, the "Company", "Harvest", "we", "us" and "our" refer to Harvest One Cannabis Inc. and, as the context requires, our subsidiaries, including United Greeneries Holdings Ltd. and Satipharm AG. All financial information in this AIF is prepared in Canadian dollars and using International Financial Reporting Standards. The information contained herein is dated as of November 17, 2017, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this AIF constitute forward-looking statements and forward-looking information (collectively, "**Forward-Looking Statements**") and the Company cautions investors about important factors that could cause the Company's actual results to differ materially from those expressed, implied or projected in any Forward-Looking Statements included in this AIF. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "may", "could", "believes", "estimates", "intends", "plans", "forecast", "projection" and "outlook") are not historical facts and may be Forward-Looking Statements that involve projections, estimates, assumptions, known and unknown risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such Forward-Looking Statements or otherwise be materially inaccurate. No assurance can be given that these expectations or assumptions will prove to be correct and such Forward-Looking Statements included in this AIF should not be unduly relied upon. These Forward-Looking Statements speak only as of management's beliefs and expectations as of the date of this AIF and will be updated only as required by applicable securities laws. Accordingly, any such statements are qualified in their entirety by reference to the information discussed throughout this AIF.

Certain of the Forward-Looking Statements and forward-looking information relating to the medical cannabis industry contained within this AIF are based on third-party information from publicly available government sources, market research and industry analysis. While Harvest is not aware of any misstatement regarding any industry or government data presented herein, Harvest has not independently verified any such third party information.

The medical cannabis industry involves risks and uncertainties that may change based on various factors. The Company's Forward-Looking Statements are expressly qualified in their entirety by this cautionary statement. In particular, but without limiting the foregoing, disclosure in this AIF under the heading "*Description of the Business*" as well as statements regarding the Company's objectives, plans, goals, future operating results, economic performance and patient acquisition efforts may make reference to or involve Forward-Looking Statements. See the discussion under the heading "*Risk Factors*" for further details.

The Company cautions that the list and description of the Forward-Looking Statements, risks, assumptions and uncertainties set out above is not exhaustive.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this AIF including the summary hereof. Terms and abbreviations used in the financial statements of the Corporation, United Greeneries and Satipharm and in the appendices to this AIF are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations*.

"**AI FAME**" has the meaning ascribed to such term under the heading "*General Development of the Business – Three Year History*".

"**Allard**" has the meaning ascribed to such term under the heading "*Description of the Business – Industry Overview*".

"**ASX**" means the Australian Stock Exchange.

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended.

"**Bill C-45**" has the meaning ascribed to such term under the heading "*Risk Factors – Legalization of Recreational Cannabis*."

"**Board**" means the board of directors of Harvest.

"**CBD**" means cannabidiol.

"**CDSA**" means the *Controlled Drugs and Substances Act* (Canada), as amended.

"**CEO**" means chief executive officer.

"**CFO**" means chief financial officer.

"**Charter**" means the *Canadian Charter of Rights and Freedoms*, Part I of the *Constitution Act, 1982*, being Schedule B to the *Canada Act* (UK), 1982, c 11.

"**COO**" means chief operating officer.

"**CTO**" means chief technology officer.

"**Common Shares**" means common shares in the capital of the Company.

"**Company**" or "**Harvest**" means Harvest One Cannabis Inc., a corporation incorporated under the BCBCA.

"**Duncan Facility**" means the Company's facility located in Duncan, British Columbia, Canada.

"**Exchange**" or "**TSX-V**" means the TSX Venture Exchange Inc.

"**Exchange Policies**" means the policies included in the TSX Venture Exchange Corporate Finance Manual and "**Exchange Policy**" means any one of them.

"**Expansion Lease**" has the meaning ascribed to such term under the heading "*Development of the Business – Three Year History*."

"**FDA**" means the *Food and Drug Act* (Canada), as amended.

"**FDR**" means the *Food and Drug Regulations* (Canada), as amended.

"**Filing Statement**" has the meaning ascribed to such term under the heading "*Escrowed Securities*".

"**GelPell**" has the meaning ascribed to such term under the heading "*Description of the Business - Satipharm – Gelpell® Microgel Process*."

"**GelPell Manufacturing Agreement**" has the meaning ascribed to such term under the heading "*General Development of the Business – Three Year History*."

"**GMP**" means Good Manufacturing Practice.

"**Harvest One Cannabis Inc.**" has the meaning ascribed to such term under the heading "*Corporate Structure*."

"**Lead Agent**" has the meaning ascribed to such term under the heading "*General Description of the Business – Three Year History*".

"**License**" means the license to cultivate and sell cannabis issued under the ACMPR held by United Greeneries LP.

"**Licensed Producer**" has the meaning ascribed to such term in the ACMPR.

"**Lucky Lake Facility**" means the Company's facility located at Lucky Lake, Saskatchewan.

"**MMAR**" means the *Marihuana Medical Access Regulations* (Canada), as amended.

"**MMJ**" means MMJ PhytoTech Limited, a corporation incorporated under the laws of Australia.

"**MMPR**" means the *Marihuana for Medical Purposes Regulations* (Canada), as amended.

"**NCR**" means the *Narcotics Control Regulations* (Canada), as amended.

"**Person**" means a company or individual.

"**Phyto UK**" means PhytoTechMedical (UK) Pty Ltd., a corporation incorporated under the laws of the England and Wales.

"**PhytoTech Medical**" means Phytotech Medical Ltd., a corporation incorporated under the laws of Australia.

"**PhytoTech Therapeutics**" means PhytoTech Therapeutics Ltd., a corporation incorporated under the laws of Israel.

"**Preferred Shares**" has the meaning ascribed to such term under the heading "*Description of the Securities – Harvest Preferred Shares*."

"Purchased Shares" has the meaning ascribed to such term under the heading "*General Development of the Business – Three Year History*"

"Promoter" means a promoter as prescribed by applicable securities laws.

"Satipharm" means Satipharm AG, a corporation incorporated under the *Swiss Code of Obligations* (Switzerland), as amended.

"SEDAR" means the System for Electronic Document Analysis and Retrieval, having a website address at www.sedar.com.

"Share Exchange Agreement" has the meaning ascribed to such term under the heading "*General Development of the Business – Three Year History*".

"Smith" has the meaning ascribed to such term under the heading "*Risk Factors - Risks Relating to the Medical Cannabis Industry*".

"Solimar" means Solimar Energy Limited.

"Stock Option Plan" has the meaning ascribed to such term under the heading "*Stock Option Plan*".

"Subscription Receipts" has the meaning ascribed to such term under the heading "*Development of the Business – Three Year History*."

"Subscription Receipt Agreement" has the meaning ascribed to such term under the heading "*Development of the Business – Three Year History*."

"Task Force" has the meaning ascribed to such term under the heading "*Risk Factors - Risks Relating to the Medical Cannabis Industry – Competition*".

"THC" means tetrahydrocannabinol.

"TSX" means the Toronto Stock Exchange.

"TSX-V" means the TSX Venture Exchange.

"United Greeneries" means United Greeneries Holdings Ltd., a corporation incorporated under the laws of the Province of British Columbia.

"United Greeneries LP" means United Greeneries Ltd.

"Warrant" has the meaning ascribed to such term under the heading "*General Development of the Business – Three Year History*".

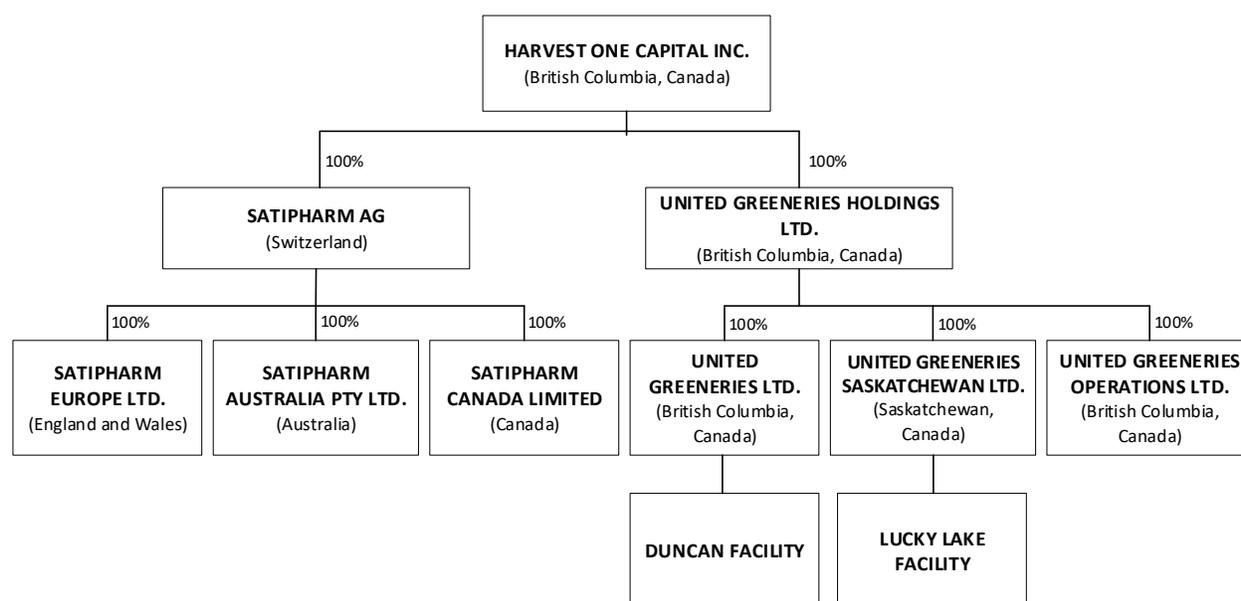
"Warrant Indenture" has the meaning ascribed to such term under the heading "*Development of the Business – Three Year History*."

CORPORATE STRUCTURE

Harvest 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 Company is based in British Columbia, Canada and the Company's Common Shares are listed under the symbol "HVST" on the TSX-V. Harvest serves as the umbrella holding company over its two principal, wholly owned operating subsidiaries United Greeneries and Satipharm.

Harvest 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

MMJ Bioscience Inc. (BC104463), the predecessor to United Greeneries, was formed by an amalgamation pursuant to BCBCA between MMJ Bioscience Inc. (BC0993871) and 1032831 BC Ltd (BC1032831). On August 17, 2015, MMJ Bioscience Inc. changed its name to "United Greeneries Holdings Ltd." United Greeneries' head and registered office is located at Suite 704, 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

United Greeneries, through its wholly-owned subsidiary United Greeneries LP, is licensed to produce medical cannabis under the provisions of the ACMPR. United Greeneries LP received its license (the "License") to cultivate marijuana on June 28, 2016, and recently received amendment its License to allow for the sale of medical cannabis products to the public. United Greeneries' operations are primarily based at its Duncan Facility. United Greeneries also owns the Lucky Lake Facility.

Satipharm

Satipharm is an international medical cannabis brand with focus on oral delivery technologies, currently servicing the European and Australian markets. Satipharm holds the exclusive global marketing and distribution rights to a Gelpell® Microgel technology for all cannabis related products. Satipharm was incorporated on August 11, 2015, under the *Swiss Code of Obligations* (Switzerland), as amended. Satipharm's head and registered office is located at Riedstrasse 7, 6330 Cham, Switzerland.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

2017

On November 14, 2017, the Company announced that Satipharm's Australian distribution partner had commenced distribution of Satipharm's Gelpell® CBD capsules to approved patients in Australia. Satipharm's Gelpell® CBD capsules are one of the first medicinal cannabis products available to approved patients in Australia, establishing the Company as a market leader in Australia. The Company also announced that it had entered into a strategic collaboration agreement with eSense-Lab Ltd., a life sciences company specializing in the commercialization of the phytochemical profiling of plants.

On October 13, 2017, the Company announced United Greeneries LP received an amendment to its License to sell dried marijuana to registered patients by Health Canada under the ACMPR. Harvest further announced it had 220kg of dried cannabis buds in storage for immediate sale and a strategic wholesale agreement with CannTrust Holdings Inc. in place for the first year of its production. The Company also announced its efforts to set up a distribution platform for the recreational cannabis market in Canada.

On October 4, 2017, the Company announced Satipharm received a "Free Sale Certificate" by German authorities which reduces constraints for international exports and removes final regulatory trading impediments with other EU jurisdictions. The Free Sales Certificate officially establishes Satipharm's CBD capsules as a food supplement rather than a "Novel Food", and therefore clarifies certain legal concerns that have previously obstructed Satipharm's capsule marketing in some jurisdictions. The Company understands that Satipharm is the only company in Europe with a GMP grade nutraceutical CBD products.

On August 23, 2017, the Company announced that the patent cooperation treaty application submitted by Satipharm in February 2017 had been published. Once and if granted, the patent will be owned equally by Satipharm and Gelpell, and will cover Satipharm's proprietary Gelpell® CBD product technology.

On June 27, 2017, the Company completed, through United Greeneries, a renewal of its License. The License is now valid until June 26, 2020. The Company also announced that United Greeneries had entered into a wholesale off-take agreement with another Licensed Producer for the sale of its initial 100 kilograms of cannabis product for a fixed price of \$500,000, subject to United Greeneries obtaining an amendment to its License to permit sales.

On June 13, 2017, the Company announced the appointment of Ms. Lisa Dea as Chief Financial Officer. Ms. Dea assumed the role of CFO from Mr. Kwong, who assumed a new role as Vice President Finance.

On May 30, 2017, the Company, through United Greeneries, acquired the land and building that it was previously leasing with respect to the Duncan Facility, for a cash purchase price of \$2,862,000. The 16,000 square-foot Health Canada licensed producer facility has a current production capacity of approximately

1,000 kg per year. The Company intends to expand the Duncan Facility to increase its total grow area at the site, subject to necessary regulatory approval.

On May 24, 2017, the Company announced that Mr. Will Stewart had been appointed to the Board of Directors, replacing Ms. Anne Chopra who resigned as a director to pursue other ventures. Prior to Mr. Stewart's appointment he served on the Company's advisory board.

On May 3, 2017, the Company appointed Mr. Graham Whitmarsh as Chief Operating Officer and Mr. Nick Maltchev as Chief Technology Officer. Mr. Whitmarsh is responsible for overseeing all operational functions at the Company, while Mr. Maltchev is responsible for the Company's long-term technology vision.

On May 1, 2017, the Company announced that, through its wholly owned subsidiary United Greeneries, it had entered into two separate interim agreements with Cannabis Wheaton Income Corp. ("**Cannabis Wheaton**") to finance the construction of both the Lucky Lake Facility and a new additional facility to be identified, in consideration for equity participation in the applicable entity and a production yield allocation from both facilities. The interim agreements remain subject to a number of conditions precedent, including the availability of financing on the part of Cannabis Wheaton, receipt by the Company of applicable Health Canada and other regulatory approvals, due diligence by both parties, and execution of definitive agreements. Certain conditions under the streaming agreements have not been satisfied as of the date hereof and therefore these agreements have lapsed.

On April 28, 2017, the Company obtained final approval to list its Common Share on the TSX-V as a Tier 1 Industrial or Life Sciences Issuer and the Common Shares began trading on the TSX-V under the symbol "HVST."

On April 26, 2017, the Company acquired 100% of the issued and outstanding shares (the "**Purchased Shares**") of United Greeneries and Satipharm (the "**Acquisition**"). Immediately prior to the closing of the Acquisition, the Company completed a consolidation (the "**Consolidation**") on the basis of 1.79 pre-Consolidation common shares to one (1) post-Consolidation common share, and changed its name from "Harvest One Capital Inc." to "Harvest One Cannabis Inc." The Acquisition constituted the Company's "Qualifying Transaction" within the meaning of Exchange Policies.

Pursuant to a share exchange agreement dated December 7, 2016, as amended (the "**Share Exchange Agreement**"), the Company acquired from Phyto UK, a wholly owned-subsiary of MMJ, all of the Purchased Shares. In consideration for the Purchased Shares, Phyto UK received \$33,180,997 payable by way of a combination of \$2,000,000 in cash and the issuance of 41,574,662 Common Shares at \$0.75 per Common Share. In consideration for the transfer to Harvest and extinguishment of certain intercorporate debts of United Greeneries and Satipharm owed to MMJ, MMJ received \$8,819,003 payable to MMJ by way of the issuance of 11,758,671 Common Shares.

Following the closing of the Acquisition, the Board consisted of Andreas Gedeon, Peter Wall, Jason Bednar and Anne Chopra. Mr. Gedeon was appointed Chief Executive Office of the Company. As noted above, on May 23, 2017, Ms. Chopra resigned from the Board, and Will Stewart was appointed to fill Ms. Chopra's vacancy.

In connection with the Acquisition, the Company completed a \$25 million private placement (the "**Offering**") of subscription receipts ("**Subscription Receipts**"), such Subscription Receipts issued pursuant to a subscription receipt agreement dated February 22, 2017 between the Lead Agent, the Company, MMJ, and Computershare Trust Company of Canada (the "**Subscription Receipt Agreement**"). On February 22, 2017, Harvest completed the Offering of an aggregate of 33,334,000 Subscription Receipts at a subscription

price of \$0.75 per Subscription Receipt, for aggregate gross proceeds of \$25,000,500 through a syndicate of agents led by Mackie Research Capital Corporation (the "**Lead Agent**") and including Canaccord Genuity Corp., Eight Capital and GMP Securities L.P. (collectively the "**Agents**"). In connection with the completion of the Acquisition, each Subscription Receipt was automatically exchanged for one unit (a "**Unit**") of the Company. Each Unit consisted of one Common Share and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant entitles the holder thereof to acquire one Common Share (a "**Warrant Share**") for an exercise price of \$1.00 per Warrant Share for a period of 36 months from the issuance of such Warrant. The Warrants are governed by the terms of a warrant indenture dated February 22, 2017 among Harvest and Computershare Trust Company of Canada (the "**Warrant Indenture**").

On March 8, 2017, United Greeneries entered into a lease agreement with the Cowichan Tribes to lease approximately 13 acres of a 40 acre land package immediately adjacent to the existing Duncan Facility (the "**Expansion Lease**"). The Expansion Lease had an initial 10 year term, with an option to renew the Expansion Lease for an additional 10 year term at the option of United Greeneries. United Greeneries intends to utilize this land to pursue an expansion of the Duncan Facility, and to build additional greenhouses. As disclosed above, the Company subsequently purchased the Duncan Facility.

In March 2017, United Greeneries successfully completed its first cannabis harvest of the OG Kush strain which yielded approximately 60kg of dried cannabis buds, with the harvest passing strict internal quality control measures.

In February 2017, two separate phase 2 clinical trials commenced using Satipharm's CBD capsules. Results are expected in the fourth quarter of the 2018 calendar year.

2016

On December 21, 2016, United Greeneries LP commenced cannabis growing operations at the Duncan Facility, using seeds imported from Switzerland.

On December 7, 2016, MMJ, Phyto UK, United Greeneries, Satipharm and Harvest entered into the Share Exchange Agreement.

On November 28, 2016, United Greeneries secured an import permit from Health Canada and the Canadian Food Inspection Agency, which enabled United Greeneries LP to import 1 kg of cannabis seeds. The import permit positioned United Greeneries LP to import critical starter material required to cultivate unique cannabis.

On November 2, 2016, MMJ and Harvest entered into a binding term sheet pursuant to which the Company agreed, subject to certain conditions, to acquire the Purchased Shares pursuant to the Acquisition, the details of which are provided above.

On October 26, 2016, the Company announced that the Board approved the granting of 400,000 incentive stock options to directors and officers of Harvest, pursuant to the Stock Option Plan. The stock options were exercisable at \$0.10 per Common Share and expired 3 years from the date of issue. The stock options vested immediately upon granting.

On June 28, 2016, United Greeneries announced it had obtained the License for the Duncan Facility. The License allows for the production of 100 kg of cannabis per annum.

On June 6, 2016, Stanislav Sologubov was appointed as CEO of Satipharm. Mr. Sologubov has more than 15 years' experience working with global healthcare companies.

On March 2, 2016, Satipharm entered into a binding term sheet with GelPell whereby Satipharm licensed from GelPell the exclusive worldwide and non-transferable right for the delivery of CBD, THC and/or other cannabis and hemp derived ingredients using the Gelpell® formulation and manufacturing know-how that is owned by GelPell. This licence entitles Satipharm to make, have made, improve, develop, promote new products, use, sell, have sold, import, export, or practice the licensed technology for the treatment or prevention of any medical condition or disease in humans and animals, and for food and dietary supplements.

2015

On November 4, 2015, United Greeneries announced that it had officially notified Health Canada of the Duncan Facility's readiness for evaluation and requested an immediate date for pre-licensing inspection.

On November 2, 2015, remedial installations and upgrades on the Duncan Facility were completed.

On September 7, 2015, Satipharm commenced online sales of the Gelpell® Microgel CBD capsules. Satipharm experienced persistent difficulties with its transaction processor, which severely inhibited sales during the initial one (1) year sales period. Satipharm was able to wholesale €150,000 during this time but also accumulated a large inventory of Gelpell® Microgel CBD capsules. A portion of the inventory of Gelpell® Microgel CBD capsules were subsequently sold through a distribution agreement with Prima Sport Limited, a company based in the United Kingdom.

On August 17, 2015, MMJ Bioscience Inc. (BC1044683) changed its name to "United Greeneries Holdings Ltd."

On August 10, 2015, Satipharm was incorporated under the *Swiss Code of Obligations* (Switzerland), as amended.

On July 31, 2015, 1032831 BC Ltd. (BC1032831), a wholly owned subsidiary of Phyto UK, and MMJ Bioscience Ltd. (BC0993871) completed a statutory amalgamation of their businesses and assets pursuant to the BCBCA. The amalgamated company continued to operate under the name "MMJ Bioscience Inc." (BC1044683).

On July 1, 2015, GelPell commenced production of Satipharm's Gelpell® Microgel CBD capsules.

On June 29, 2015, PhytoTech Medical, the predecessor to MMJ, changed its name to "MMJ PhytoTech Ltd." and changed its ASX trading symbol to "MMJ".

In May 2015, Satipharm began production of its Gelpell® Microgel CBD capsules, pursuant to a manufacturing agreement (the "**GelPell Manufacturing Agreement**") with GelPell AG ("**GelPell**"). The Gelpell® Microgel CBD capsules utilize cannabis extract from Satipharm's partner AI FAME GmbH ("**AI FAME**"). AI FAME is an integrated cannabis-focused pharmaceutical compound manufacturer based in St. Gallen, Switzerland. AI FAME is a GMP-certified company that specializes in the production, breeding, cultivation, harvesting and processing of cannabis plants for food and medicine. To date, Satipharm has not satisfied the minimum sales requirements under the GelPell Manufacturing Agreement and, as a result, the parties are in renegotiations pursuant to the provisions of the GelPell Manufacturing Agreement. In May 2017, Satipharm renegotiated the minimum purchase commitments with GelPell AG.

On April 1, 2015, MMJ Bioscience Inc. (BC0993871) received a letter from Health Canada confirming that a pre-license inspection was pending.

On March 25, 2015, PhytoTech Medical, the predecessor to MMJ, announced that it had entered into an amalgamation agreement pursuant to the BCBCA to combine the business and assets of 1032831 BC Ltd. (BC1032831), its indirect wholly-owned subsidiary, with the business and assets of MMJ Bioscience Inc. (BC0993871).

On January 22, 2015, PhytoTech Medical, the predecessor to MMJ, announced that its Common Shares were to be listed on the ASX under the symbol "PYL".

DESCRIPTION OF THE BUSINESS

General

Harvest 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, in Canada and internationally. The company is based on British Columbia, Canada and the Company's Common Shares are listed under the symbol "HVST" on the TSX-V. Harvest serves as the umbrella holding company over its two principal wholly owned operating subsidiaries: United Greeneries and Satipharm.

United Greeneries

United Greeneries is licensed to produce medical cannabis under the ACMPR. United Greeneries received its License to cultivate medical cannabis on June 28, 2016, and on October 13, 2017 received the amendment to its License to allow for the sale of medical cannabis products to the public. The Company is focused on producing and selling medical cannabis and its derivatives through a two-pronged growth strategy, including both retail sales and wholesale channels. United Greeneries currently has an agreement to sell wholesale to another ACMPR Licensed Producer.

United Greeneries currently conducts its operations at the Duncan Facility. United Greeneries also owns the Lucky Lake Facility.

Duncan Facility

The Duncan Facility is situated on a 1.2 acre property that was previously the cold storage building for a large commercial greenhouse growing operation located directly adjacent to a 40 acre land package, on Vancouver Island, British Columbia.

On June 28, 2016, Health Canada approved United Greeneries LP as an authorized Licensed Producer at the Duncan Facility. The Duncan Facility has approximately 10,000 square feet of cultivation area. The Duncan Facility has three separate cultivation rooms with a total production capacity of approximately 1,000 kg of cannabis per annum, subject to regulatory approval, market demand and other variables. The Company intends to expand the Duncan Facility to increase its total grow area at the site, subject to necessary regulatory approval.

On May 30, 2017, United Greeneries acquired the land and building that it was previously leasing with respect to the Duncan Facility, for a cash purchase price of \$2,862,000.

Lucky Lake Facility

The Lucky Lake Facility, located in Lucky Lake, Saskatchewan, is a 62,000 square foot concrete agricultural facility located on over 18 acres of land which is wholly-owned by United Greeneries. The Lucky Lake Facility's application to become a Licensed Producer was submitted in March 2015 and is currently in the "security clearance stage" of the licensing process. If licensed, Lucky Lake Facility's cannabis cultivation capacity is estimated to be up to 11,700 kg of cannabis per annum, subject to regulatory approval, market demand and other variables. For more information, see the discussion under the heading "*Risk Factors – Licensing under the ACMPR*".

United Greeneries intends to continue to ramp up its cultivation operations over the next fiscal year in order to achieve maximum production at the Duncan Facility. United Greeneries also intends to continue to proceed with its aggressive expansion plans to significantly increase production capacity, in order to serve the medical and anticipated recreational cannabis markets in Canada.

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 and Australia.

Satipharm's goal is to develop cutting-edge technology and pharmaceutical-grade cannabis products for the 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.

Gelpell® Microgel Process

The Gelpell® Microgel process produces gelatin beads which are approximately 2 mm in length and contain a payload of concentrated CBD. The CBD is bound and protected by a three-dimensional natural gelatin matrix. When ingested, the gelatin beads create a micro-emulsion which substantially enhances the oral bioavailability of the CBD, and helps ensure accurate and consistent doses. These beads are encapsulated and packaged under Good Manufacturing Practices ("**GMP**") protocols into 10 mg, 50 mg and 100 mg presentations.

Satipharm's first product is a CBD only product, sold as CBD Gelpell® Microgel capsules. Satipharm's CBD capsules utilize cannabis extract acquired from a pharmaceutical compound manufacturer based in St. Gallen, Switzerland, AI FAME, a GMP-certified company that specializes in the production, breeding, cultivation, harvesting and processing of cannabis plants for food and medicine.

The Company's capsules are contract manufactured by GelPell located in Gähwil, Switzerland, pursuant to the GelPell Manufacturing Agreement. GelPell is a contract manufacturer of food supplements and is licensed by SwissMedic, the applicable Swiss regulatory authority, to perform pharmaceutical packaging, and is GMP approved.

Acquisition of Active Ingredient

Satipharm's CBD capsules utilize cannabis extract acquired from AI FAME. AI FAME is an integrated cannabis-focused pharmaceutical compound manufacturer based in St. Gallen, Switzerland. AI FAME is a GMP-certified company that specializes in the production, breeding, cultivation, harvesting and processing of cannabis plants for food and medicine.

Development of Products

Through an agreement between the two companies, Satipharm has licensed from GelPell the exclusive worldwide right, subject to minimum purchase requirements, for the delivery of CBD, THC and/or other cannabis and hemp derived ingredients using the Gelpell® formulation and manufacturing know-how that is owned by GelPell.

Satipharm and GelPell cooperated to design the CBD Gelpell® Microgel capsules in a formulation that seeks to best suit delivery of cannabinoid molecules for human use. Leveraging the GelPell formulation expertise, CBD Gelpell® Microgel capsules were developed for sale as a food supplement in regulated markets within the European Union.

Satipharm began production of its Gelpell® Microgel CBD capsules in May 2015, and is committed to increasing sales of its flagship product throughout regulated markets globally.

On October 4, 2017, the Company announced that Satipharm's manufacturing partners in Switzerland received narcotics approval for the manufacturing of Satipharm products containing THC.

On November 14, 2017, the Company announced that Satipharm's Australian distribution partner had commenced distribution of Satipharm's Gelpell® CBD capsules to approved patients in Australia. Satipharm's Gelpell® CBD capsules are one of the first medicinal cannabis products available to approved patients in Australia, establishing the Company as a market leader in Australia.

Satipharm has licensed the rights to the Gelpell technology to Phytotech Therapeutics solely in the field of Cannabis based prescription drugs that are granted marketing authorisation by a recognised national medicines regulator and launched for sale in that market.

Satipharm's Medical Testing

Satipharm's clinical development activities are carried out by a third party, PhytoTech Therapeutics, which is a wholly owned subsidiary of MMJ. In March 2016, PhytoTech Therapeutics completed a phase 1 clinical study which highlighted the safety and performance of Satipharm's Gelpell® Microgel CBD capsules in delivering CBD compounds to trial subjects. PhytoTech Therapeutics has commenced a phase 2 clinical study into the efficacy of CBD capsules, which contain organically derived, highly purified CBD, in treating intractable epilepsy in children at a leading Israeli healthcare facility. If successful, the phase 2 clinical study trial results will provide key data towards the commercial development of Satipharm's Gelpell® Microgel CBD capsules as prescription drug for the treatment of intractable epilepsy in children. PhytoTech Therapeutics is also in the final stages of preparing for the commencement of a phase 2 clinical study into the ability of the next generation of Gelpell® Microgel CBD capsules in treating spasticity-related symptoms associated with multiple sclerosis patients.

Marketing

In the year ending June 30, 2018, Satipharm plans to continue to expand its distribution network and increase sales across the European Union, building on its success in 2017.

Satipharm's distribution network has expanded in 2017 with a focus on the largest European consumer markets: Germany, Denmark, United Kingdom, Ireland, Netherlands, Spain and Austria. In these countries, Satipharm's Gelpell® Microgel CBD capsules are now available in several online shops, on Amazon, mail order pharmacies and in conventional brick and mortar pharmacies.

Earlier this year, Satipharm successfully exported its capsules to Australia making the capsules one of the first medicinal cannabis products available to approved prescribers in the country. Advancing sales in Australia will continue to be a major priority for management to ensure the Company capitalizes on its first-mover advantage in this market.

On November 14, the Company announced that Satipharm's Australian distribution partner had commenced distribution of Satipharm's Gelpell® CBD capsules to approved patients in Australia. Satipharm's Gelpell® CBD capsules are one of the first medicinal cannabis products available to approved patients in Australia, establishing the Company as a market leader in Australia.

Industry Overview

Medical Cannabis Regulatory Framework in Canada

In 2001, Canada became the second country in the world to recognize the medicinal benefits of cannabis and to implement a government-run program for medical cannabis access. Health Canada replaced the prior regulatory framework and issued the *Marihuana for Medical Purposes Regulations* ("MMPR") in June 2013 to replace government supply and home-grown medical cannabis with highly secure and regulated commercial operations capable of producing consistent, quality medicine. The MMPR regulations issued in June 2013 covered the production and sale of dried cannabis flowers only. A court injunction in early 2013 preserved the production and access methods of the prior legislation for those granted access prior to the injunction.

On July 8, 2015, Health Canada issued certain exemptions under the Controlled Drugs and Substances Act (Canada) ("CDSA"), which includes a Section 56 Class Exemption for Licensed Producers under the MMPR to conduct activities with cannabis, which permits Licensed Producers to apply for a supplemental license to produce and sell cannabis oil and fresh cannabis buds and leaves, in addition to dried cannabis (this does not permit Licensed Producers to sell plant material that can be used to propagate cannabis).

On August 24, 2016, the Government of Canada introduced new regulations governing the use of cannabis for medical purposes. These new regulations, known as the ACMPR, were introduced in response to the February 24, 2016 decision rendered by the Federal Court of Canada in the *Allard v. Canada*, 2016 FC 236 ("Allard"). The plaintiffs in the Allard argued that the MMPR violated their Charter rights and the Court, in a lengthy and detailed judgment, agreed with the plaintiffs. The Court gave the Government of Canada until August 24, 2016 to determine how existing regulations should be amended to ensure that patients have the access to medical cannabis that they need.

The ACMPR, remained largely consistent with the former MMPR, but restores the ability of patients to grow their own cannabis at home, including the ability to designate a third-party grower through regulations akin to the former MMAR. Under the ACMPR, patients who choose to grow at home, subject to a maximum number of plants, will be required to register their production sites and provide copies of their medical authorization to Health Canada in order to allow for monitoring and auditing of their activities.

Under ACMPR, patients are required to obtain medical approval from their healthcare practitioner and provide a medical document to the Licensed Producer from which they wish to purchase cannabis. Since the requirements under the new regulations are both simpler and involve fewer obstacles to access than the previous regulatory regime, it is anticipated that the growth in the number of approved patients will accelerate. Moreover, the new system allows for competition among Licensed Producers on a host of factors including product quality, customer service, price, variety and brand awareness, allowing for well-positioned and capitalized producers to leverage their position in the marketplace.

If recreational cannabis use is legalized it is expected that the ACMPR will be replaced by a new regulatory framework that will cover both the medical and recreational markets.

Legalization and Regulation of Non-Medical Use of Cannabis in Canada

The Government of Canada is moving forward on its plan to legalize and regulate cannabis for recreational use. Key milestones of progress on legalization include the following:

- In its December 2015 Speech from the Throne, the Government of Canada reaffirmed its intent to "legalize, regulate, and restrict access to marihuana."
- On April 20, 2016, the Government of Canada announced its intention to introduce, by the spring of 2017, legislation to legalize the recreational use of marihuana in Canada.
- On June 30, 2016, Health Canada announced the creation of a task force on cannabis legalization and regulation (the "**Task Force**"). The Task Force consisted of high-level experts in the fields of law enforcement, medicine, policy creation and health care administration. The Task Force's objectives were to consult with governments, industry, the public and all other relevant stakeholders in order to provide advice on the design of a new legislative and regulatory framework to the ministers.
- On August 24, 2016, the MMPR was repealed and the ACMPR came into force. Health Canada stated in the August 2016 publication titled "Understanding the New Access to Cannabis for Medical Purposes Regulations" that the ACMPR is designed to provide an immediate solution required to address the Federal Court of Canada's judgement. Moving forward, Health Canada will evaluate how a system of medical access to cannabis should function alongside the Government's commitment to legalize, strictly regulate and restrict access to cannabis.
- On November 30, 2016, the Task Force published its final report titled: "A Framework for the Legalization and Regulation of Cannabis in Canada." In the final report, the Task Force recommended that the Government of Canada regulate the production of cannabis and its derivatives (e.g. edibles and concentrates) at the federal level, drawing on the good production practices of the current cannabis for medical purposes system. The Task Force also recommended that the wholesale distribution of cannabis be regulated by provinces and territories and that retail sales be regulated by the provinces and territories in close collaboration with municipalities. Further, the Task Force recommended allowing personal cultivation of cannabis for non-medical purposes with the following conditions: (i) a limit of four plants per residence; (ii) a maximum height limit of 100 cm on the plants; (iii) a prohibition on dangerous manufacturing processes; (iv) reasonable security measures to prevent theft and youth access; and (v) oversight and approval by local authorities.
- On April 13, 2017, the Government of Canada introduced Bill C-45. The purpose of Bill C-45 is to provide legal access to cannabis and to control and regulate its production, distribution and sale, with a stated target launch date of July 2018. The passage of Bill C-45 would allow adults to legally possess and use cannabis for recreational purposes. Currently, it is illegal to buy, sell, produce, import or export cannabis unless it is authorized under the CDSA and its regulations, such as the ACMPR. The current program for access to cannabis for medical purposes would continue following the passage of Bill C-45. Cannabis will remain illegal as Bill C-45 moves through the legislative process. There can be no assurance that Bill C-45 will be passed into law, or passed into law substantially in the form in which it was introduced.

- Since the introduction of Bill C-45, provincial governments have started to formalize their own regulations and policy around the significant issues of distribution and sale of recreational cannabis within each Province.
- On September 8, 2017, Ontario became the first Canadian province to publicly announce a comprehensive plan to regulate federally legalized cannabis. The province announced that it would oversee the legal retail sale of cannabis in Ontario through new stand-alone cannabis stores and an online order service, and as such the province would be the sole legal retailer of cannabis in Ontario. The province announced that it would open 150 standalone stores by 2020, including 80 by July 1, 2019, servicing all regions of the province. Online distribution will be available across the province from July 2018 onward. Ontario will prohibit individuals under the age of 19 from possessing or consuming recreational cannabis
- On November 1, 2017, Ontario introduced cannabis legislation that is in line with the commitments made by the province on September 8, 2017, with the expectation that the legislation will be passed prior to the expected launch of the recreational market in July 2018.
- On November 16, 2017, Alberta released its cannabis legislation that will allow for cannabis to be sold by private stores within the province, while the provincial government will control online sales through a government run website. On the same day Quebec also tabled its cannabis plan, which states that only the Société Québécoise du Cannabis will be allowed to purchase cannabis from a licensed producer and then sell it to Quebec consumers.
- The balance of the Canadian provinces are expected to announce their frameworks and introduce legislation relating to the legalization of recreational cannabis prior to the expected launch of the recreational market in July 2018.

International Legislation related to Harvest Operations

European Union

Although all member countries of the EU must abide by United Nations 1961 Single Convention on Narcotic Drugs, each country is free to set their own nation rules and policy in relation to medical cannabis. Recently, there have been significant legislative changes in EU countries, including the Netherlands, Italy, Ireland and Germany.

In particular, on January 19, 2017, the German Bundestag voted to legalize cannabis for medical consumption, which came into effect in March 2017. The new legislation limits the sale and use of medical cannabis to patients suffering from multiple sclerosis, epilepsy, chronic pain, and lack of appetite or nausea related to cancer treatments. Through its national health insurance system, Germany will also become the first country in the world to cover the cost of medical cannabis for any therapeutic application approved by a physician. With a population of approximately 80 million people, Germany is expected to become the largest market for medical cannabis in the EU.

Australia

Legislation came into effect on October 30, 2016 to allow legal cultivation, production and manufacturing of medicinal cannabis products in Australia. This scheme is administered by the Commonwealth Department of Health through the Therapeutic Goods Administration (the "TGA") and the Office of Drug Control. This legislation is designed to work together with the therapeutic goods legislation, and state and territory legislation, to make medicinal cannabis products available to certain patients. The term 'medicinal cannabis

products' covers a range of cannabis preparations intended for therapeutic use, including pharmaceutical cannabis preparations, such as oils, tinctures and other extracts. Medicinal cannabis products are regulated as medicines in Australia. Generally, medicines imported into, supplied in, and exported from Australia must be entered in the Australian Register of Therapeutic Goods (ARTG), which is administered by the TGA. However, there are other mechanisms for access to medicines that are not registered on the ARTG ("**unapproved therapeutic goods**"). Medicinal cannabis products supplied in Australia will use these alternative supply pathways while evidence to support registration is gathered through clinical trials. The *Therapeutic Goods Act 1989* establishes the regulatory framework for all medicines in Australia. This legislation provides a number of mechanisms to enable access to unapproved therapeutic goods. These mechanisms maintain the same standards for medicinal cannabis products that apply to any other experimental or emerging medicine.

CBD

CBD is one of the non-psychoactive cannabinoids in industrial hemp. In 2016, 30,000 hectares of cannabis were cultivated in the European Union. There has been growing interest in CBD in recent years. CBD not only has a plethora of beneficial health effects, but it also has no relevant side-effects, even when it is administered at high doses. CBD is increasingly used as a food supplement and in food supplement compositions, and as an ingredient in cosmetics, thereby generating new investments and creating employment in the cultivation and processing of hemp and hemp-derived products. Pharmaceutical products with CBD as an active ingredient have also been developed.

In the EU, CBD is legal and is not considered a medication. CBD is considered a nutritional supplement and thus is freely available on the open market. However, if CBD is used for medical purposes, it can only be obtained by prescription and must be prescribed by a doctor if it meets certain requirements. The EU market is currently Satipharm's main focus, where the market potential for CBD is estimated to be around €2 billion, according to a 2016 report by the nova-Institute and HempConsult.

Operations

Specialized Skills and Knowledge; Employees

United Greeneries

The cultivation of medical cannabis requires specialized skill and knowledge. United Greeneries has retained personnel with the specialized knowledge and experience required to cultivate medical cannabis in a highly regulated environment and in compliance with the terms of its License. Any loss of such employees could negatively affect United Greeneries' business. See the discussion under the heading "*Risk Factors – Reliance on Management*".

United Greeneries presently has 26 employees. None of United Greeneries' employees are represented by a labour union or subject to a collective bargaining agreement.

Satipharm

The development of pharmaceutical products requires specialized skill and knowledge. Satipharm has retained personnel with specialized knowledge and experience in the development of pharmaceutical products. In particular, Satipharm draws on the expertise of Stanislav Sologubov, a highly experienced pharmaceutical sales and marketing executive, who was appointed as CEO of Satipharm in June 2016. See the discussion under the heading "*Risk Factors – Reliance on Management*."

Satipharm has engaged one consultant who provides services to Satipharm. None of Satipharm's employees are represented by a labour union or subject to a collective bargaining agreement.

Competitive Environment

United Greeneries

The market for medical cannabis in Canada is closely regulated. Relevant regulations include the ACMPR, the NCR and the CDSA. The commercial medical cannabis industry is a new industry and Harvest anticipates that such regulations will continue to evolve and change.

On its website, Health Canada indicates that as of November 15, 2017 there were 73 licenses issued under the ACMPR/MMPR and as of March 31, 2017 there were 167,754 patients registered, under the ACMPR/MMPR, to possess and consume dried cannabis for medicinal purposes in Canada. It further noted that those individuals purchased 5,836 kgs of dried marijuana and 5,673 kgs of cannabis oil during the period of January 1, 2017 to March 31, 2017. In the Regulatory Impact Analysis Statement commissioned in connection with the development of the MMPR, Health Canada's analysis used an upper bound (or ceiling) of 450,000 Canadians who might become participants in Canada's Marijuana Medical Access Program by 2024.

According to the Health Canada website, the average size of dosage per prescription for licenses granted to individual users by Health Canada is 2.4 grams of dried marijuana per day and the average shipment per customer per day is 0.75 grams.

With the introduction of Bill C-45, there is potential for a recreational cannabis market in Canada. However, until Bill C-45 or similar legislation is passed, it remains illegal to buy, sell, produce, import or export cannabis unless it is authorized under the CDSA and its regulations, such as the ACMPR. The current program for access to cannabis for medical purposes is expected to continue following the passage of Bill C-45. Cannabis will remain illegal as Bill C-45 moves through the legislative process. See "*Risk Factors – Risks Relating to the Medical Cannabis Industry*".

In the near term, United Greeneries expects to compete with other Licensed Producers in Canada. A full list of Licensed Producers can be found on Health Canada's website at www.hc-sc.gc.ca.

Satipharm

Satipharm's worldwide exclusive rights to the Gelpell® Microgel process for all cannabis applications is one of its chief competitive advantages. Satipharm's unique Gelpell® Microgel CBD Capsules provide many competitive advantages including: high oral bioavailability; high stability; easy-to-dose and swallow capsules; in an additive and preservative free formulation.

Intellectual Property & Intangible Properties

United Greeneries and Satipharm have developed proprietary technologies and processes around the world, including in the Europe, Australia, Canada and the United States. The following disclosure concerns to the intangible properties and intellectual property relating to Canada.

Patents

On August 23, 2017, the Company announced that the patent cooperation treaty application submitted by Satipharm in February 2017 had been published. Once and if granted, the patent will be owned equally by Satipharm and Gelpell, and will cover Satipharm's proprietary Gelpell® CBD product technology.

Trademarks

As of the date of this AIF, United Greeneries has applied for and registered the following trademarks in the following jurisdictions:

Trademark	Description
CANADA	
GREENCARD	Filed as trademark app. no. 1689556 on August 1, 2014; Allowed March 29, 2016
UNITED GREENERIES	Filed as trademark app. no. 1690170 on August 12, 2014; Allowed March 29, 2016
SATIPHARM	Filed as trademark app. no. 1693789 on August 29, 2014; Allowed November 14, 2016
MMJ	Filed as trademark app. no. 1698371 on October 16, 2014
MMJ & DESIGN	Filed as trademark app. no. 1698637 on October 17, 2014; Allowed January 6, 2017
MMJ DESIGN	Filed as trademark app. no. 1698638 on October 17, 2014; Allowed January 6, 2017
UNITED GREENERIES Logo	Filed as trademark app. no. 1701234 on October 17, 2014; Allowed March 29, 2016
UNITED GREENERIES & DESIGN	Filed as trademark app. no. 1701235 on October 17, 2014; Allowed March 29, 2016
POTFIRE	Filed as trademark app. no. 1858505 on September 20, 2017
CAPTAIN'S CHOICE	Filed as trademark app. no. 1862716 on October 13, 2017
ROYAL HIGH	Filed as trademark app. no. 1867271 on November 9, 2017
UNITED STATES	
GREENCARD	Filed as trademark app. no. 86379072 on August 27, 2014
UNITED GREENERIES	Filed as trademark app. no. 86532961 on February 12, 2015
SATIPHARM	Filed as trademark app. no. 86548431 on February 27, 2015
MMJ	Filed as trademark app. no. 86646133 on May 29, 2015

As of the date of this AIF, MMJ Bioscience Inc. (the predecessor entity to United Greeneries) has registered and applied for the following trademarks in the following jurisdictions:

Trademark	Description
EUROPE	
GREENCARD	Registered as trademark registration no. 13695754 on June 4, 2015; Renewal Due January 30, 2025
SATIPHARM	Registered as trademark registration no. 13783683 on March 17, 2016; Renewal Due February 28, 2025
SWITZERLAND	
GREENCARD	Registered as trademark registration no. 51052/2015 on January 28, 2015; Renewal Due January 28, 2025
SATIPHARM	Filed as trademark application no. 52396/2015 on February 28, 2015

As of the date of this AIF, Satipharm has registered the following trademark in the following jurisdiction:

Trademark	Description
SWITZERLAND	
GOOD NEWS & Design	Registered as trademark registration no. 705316 on February 29, 2016; Renewal Due February 29, 2026

RISK FACTORS

There are numerous and varied risks, known and unknown, that may prevent Harvest from achieving its goals. The risk described below are not the only ones Harvest will face. If any of these risks actually occurs, Harvest's business, financial condition or results of operations may be materially and adversely affected. In that case, the trading price of Harvest's securities could decline and investors in such securities could lose all or part of their investment.

Risk's Relating to Harvest's Business

General Business Risk and Liability

Given the nature of Harvest's business, it may from time to time be subject to claims or complaints from investors or others in the ordinary course of business. The legal risks facing Harvest, its directors, officers, employees or agents in this respect include potential liability for violations of securities law, breach of fiduciary duty or misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of Harvest's right to carry on its existing business. Harvest may incur significant costs in connection with such potential liabilities.

Reliance on License

The continuation of Harvest's business of growing, storing and distributing medical cannabis is dependent on the good standing of all licenses required to engage in such activities and upon adhering to all regulatory requirements related to such activities. United Greeneries, a wholly owned subsidiary of Harvest, was granted the License by Health Canada on July 28, 2016. The License designates United Greeneries as a "Licensed Producer," as such term is defined in the ACMPR. The License is valid until June 26, 2020, at which point, United Greeneries must apply to Health Canada for a renewal.

Failure to comply with the requirements of the License or any failure to maintain the License would have a material adverse impact on the business, financial condition and operating results of Harvest. Although Harvest believes it will meet the requirements of the ACMPR for future extensions or renewal of the License, there can be no guarantee that Health Canada will extend or renew the License or that, if extended or renewed, the License will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License or should it renew the License on different terms, the business, financial condition and results of the operation of Harvest would be materially and adversely affected.

United Greeneries' current License does not permit United Greeneries to sell medical cannabis. As a recent licensee, the License only permits United Greeneries to cultivate cannabis. United Greeneries has submitted an application to Health Canada to amend its License to allow for the sale and distribution of medical cannabis. In order to receive approval for the amended License, United Greeneries will be required to demonstrate compliance with the quality control standards and the Good Production Practices as established under Subdivision D of the ACMPR. United Greeneries' ability to obtain an amendment to its License is dependent on satisfying Health Canada it has complied with Subdivision D of the ACMPR and all other regulatory requirements. Although Harvest believes it will meet all regulatory requirements to obtain a license to sell cannabis to the public, there can be no guarantee that Health Canada will amend the License to allow for the sale of cannabis products to the public. Should Health Canada not amend the License to allow for sale to the public, the business, financial condition and results of the operation of Harvest would be materially and adversely affected.

Share Price Volatility

The market price for Harvest common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond Harvest's control, including the following:

- actual or anticipated fluctuations in the Harvest's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which Harvest operates;
- addition or departure of the Harvest 's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Harvest common shares;
- sales or perceived sales of additional Harvest common shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;

- regulatory changes affecting the Harvest's industry generally and its business and operations;
- announcements of developments and other material events by Harvest or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving Harvest or its competitors;
- operating and share price performance of other companies that investors deem comparable to Harvest or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in Harvest's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities and have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regard to the share prices of medical cannabis companies that are public issuers in Canada. Accordingly, the market price of Harvest common shares may decline even if Harvest's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, Harvest's operations could be adversely impacted and the trading price of Harvest common shares may be materially adversely affected.

Reliance on the Facilities

Harvest currently operates the Duncan Facility. Harvest also owns the Lucky Lake Facility. Presently, only the Duncan Facility is licensed by Health Canada to cultivate cannabis. Harvest expects to focus primarily on the Duncan Facility in the near-term. Harvest's operations and the conditions of its facilities are, and will be, subject to hazards inherent in the medical cannabis industry, including equipment defects, equipment malfunctions, natural disasters, fire, explosions, or other accidents that may cause damage to the facilities. Any adverse change or event affecting these facilities, especially the Duncan Facility, may have a material and adverse effect on Harvest's business, results of operations and financial condition.

Lucky Lake Facility is not Licensed under the ACMPR

The Lucky Lake Facility is not licensed by Health Canada under the ACMPR as a facility where the cultivation of cannabis is permitted. Harvest, through United Greeneries, has applied to Health Canada to become a Licensed Producer under the ACMPR with respect to the Lucky Lake Facility, and is presently at the security clearance stage of review. United Greeneries' ability to cultivate, store and sell medical cannabis at the Lucky Lake 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 Lucky Lake Facility.

Facility Expansion

Any expansion of Harvest's Duncan Facility and Lucky Lake Facility (provided that it receives a license), including the expansion at the Duncan Facility, is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond Harvest'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 Duncan Facility, which the Company 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 may not be able to achieve the intended economic benefits from the expansion of operations at existing facilities, which in turn may affect Harvest's business, prospects, financial condition and results of operations. In particular, any expansion of the Duncan Facility and the Lucky Lake 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.

Holding Company Status

Harvest is a holding company and essentially all of its operating assets are the capital stock of its subsidiaries. Harvest conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues, and its investors are therefore subject to the risks attributable to its subsidiaries. Harvest's cash flow and its ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to Harvest. The ability of Harvest's subsidiaries to pay dividends and other distributions will depend on each subsidiary's operating results, applicable laws and regulations regarding the payment of dividends and distributions, and any contractual restrictions on distributions in debt instruments, among other things. In the event of a bankruptcy, liquidation or reorganization of any of Harvest's subsidiaries, debtholders and trade creditors will generally be entitled to the payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Harvest.

Limited Operating History

Harvest, through its wholly owned indirect subsidiary United Greeneries, entered the medical cannabis business in 2012. Harvest is therefore subject to many of the risks common to entering a new area of investment, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and a lack of revenue. There is no assurance that Harvest will be successful in achieving a return on its shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

History of Net Losses

Harvest has incurred operating losses in recent periods. Harvest may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, Harvest expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If Harvest's revenues do not increase to offset these expected increases in costs and operating expenses, Harvest will not be profitable. There is no assurance that Harvest will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

Unfavourable Publicity or Consumer Perception

The success of the medical cannabis industry may be significantly influenced by the public's perception of cannabis' medicinal applications. Medicinal cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical cannabis will be favourable. The medical cannabis industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical cannabis is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical cannabis may have a material adverse effect on Harvest's (and Harvest's subsidiaries') operational results, consumer base and financial results.

Third Party Transportation

If United Greeneries is successful in obtaining an amended License to sell medical cannabis products to the public, Harvest will be required to rely on third party transportation services to deliver their product to their customers. Harvest is exposed to the inherent risks associated with relying on third party transportation services providers, including logistical problems, delays, loss or theft of product and increased shipping costs. Any delay in transporting the product, breach of security or loss of product, could have a material adverse effect on Harvest's business, financial performance and results of operations. Further, any breach of security and loss of product during transport could affect Harvest's status as a Licensed Producer.

Management of Growth

Harvest may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Harvest to manage growth effectively will require continued implementation and improvement of their operational and financial systems and for each to expand, train and manage their respective employee bases. The inability of Harvest to deal with growth may have a material adverse effect on Harvest's respective businesses, financial conditions, results of operations and prospects.

Reliance on Management

The success of Harvest is dependent upon the ability, expertise, judgment, discretion and good faith of their respective senior management and key employees. While employment agreements and incentive programs are customarily used as primary methods of retaining the services of key employees, these agreements and incentive programs cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on Harvest's business, operating results or financial condition. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that Harvest will be able to attract or retain key personnel in the future, which may adversely impact Harvest's operations.

Conflicts of Interest

Certain of Harvest directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from Harvest interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

In addition, Harvest's directors and the officers are required to act honestly and in good faith with a view to its best interests. However, in conflict of interest situations, Harvest's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to Harvest.

Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to Harvest.

Principal Security Holder

MMJ is Harvest's largest shareholder – directly and indirectly owning a total of 53,333,333 Harvest common shares (approximately 60% of the outstanding Harvest common shares). MMJ will have a significant influence on determining the outcome of any corporate transaction or other matter submitted to shareholders for approval, including mergers, consolidations and the sale of all or substantially all of Harvest's assets, election of directors and other significant corporate actions. MMJ's controlling interest could also have the effect of delaying or preventing a change of control of Harvest or entrenching Harvest's board of directors or Harvest's management, which could conflict with the interests of the other shareholders and, consequently, could adversely affect the market price of Harvest's securities. Finally, due to MMJ's significant holdings, there can be no guarantee of a ready liquid market for Harvest common shares.

Dividends

Harvest has not paid dividends in the past and does not anticipate paying dividends in the near future. Harvest expects to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in Harvest's businesses. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Board may deem relevant. As a result, investors may not receive any return on investment in Harvest common shares unless they sell them for a share price that is greater than that at which such investors purchased them.

Limited Market for Securities

There can be no assurance that an active and liquid market for Harvest common shares will be maintained and an investor may find it difficult to resell any securities of Harvest.

Credit, Liquidity, Interest, Currency and Commodity Price Risk

The Board has overall responsibility for the establishment and oversight of Harvest's risk management framework. As at June 30, 2017, Harvest's financial instruments consist of cash and cash equivalents, interest receivable, deposits, accounts payable, accrued liabilities, accrued interest, and loans payable. Cash is reported at fair value. The other amounts reflected in the balance sheet approximate their fair values due to their short-term nature.

Harvest does not use derivative instruments or hedges to manage risks because Harvest's exposure to credit risk, interest rate risk and currency risk is small.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Harvest is exposed to credit risk through its cash, which is held in a large Canadian financial institution with an issuer credit rating of A-1 by Standard & Poor's. Harvest believes this credit risk is insignificant.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Harvest is exposed to short-term interest rates through the interest earned on cash balances and deposits; however, management does not believe this exposure is significant.

Liquidity risk is the risk that Harvest will encounter difficulty in meeting obligations associated with financial liabilities. Harvest manages liquidity risk through the management of its capital structure. In order to meet its financial obligations, Harvest will need to generate cash flow from the sale or otherwise disposition of property or raise additional funds.

Foreign Currency Risk

Harvest – through its subsidiaries – operates in a number of foreign jurisdictions. As a result, Harvest is exposed to foreign currency risk related to cash and accrued liabilities that are denominated in a foreign currency.

Litigation

Harvest may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause Harvest to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages.

While Harvest has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact Harvest's business, operating results or financial condition.

Intellectual Property

The success of Harvest's business depends in part on its ability to protect its ideas and technology. Harvest has no patented technology or trademarked business methods at this time nor has it applied to register any patents.

Even if Harvest moves to protect its technology with trademarks, patents, copyrights or by other means, Harvest is not assured that competitors will not develop similar technology, business methods or that Harvest will be able to exercise its legal rights. Other countries may not protect intellectual property rights to the same standards as does Canada. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions have a meaningful impact our ability to successfully grow our business.

Political and Economic Instability

Harvest may be affected by political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development, investment policies, or shifts in political attitude in certain countries, may adversely affect Harvest's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

Global Economy Risk

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. Harvest will be dependent upon the capital markets to raise additional

financing in the future, while it establishes a user base for its products. As such, Harvest is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact Harvest's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to Harvest and its management. If uncertain market conditions persist, Harvest's ability to raise capital could be jeopardized, which could have an adverse impact on Harvest's operations and the trading price of Harvest's shares on the Exchange.

Risks Relating to the Medical Cannabis Industry

Regulatory Risks

Harvest, and its subsidiaries United Greeneries and Satipharm, operate in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

The ability of Harvest, through its wholly owned subsidiary United Greeneries, to grow, store and sell medical cannabis in Canada at the Duncan Facility is dependent on its License from Health Canada, maintaining such License in good standing, obtaining Health Canada's approval to amend the License pursuant to the ACMPR to allow sale to the public and maintaining the amended License (if obtained) in good standing. Failure to: (i) comply with the requirements of the License; (ii) maintain this License; and (iii) obtain an amendment of the License to allow for sale of cannabis to the public, would have a material adverse impact on the business, financial condition and operating results of United Greeneries and Harvest.

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

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond Harvest's control and which cannot be predicted, including changes to government regulations. Changes in government levies and taxes could reduce Harvest's earnings and could make future capital investments or Harvest's operations uneconomic. The medical cannabis industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

United Greeneries is a Licensed Producer under the ACMPR, and United Greeneries' business is subject to the ACMPR regime. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business with an agricultural product in a regulated industry, United Greeneries will need to continue to build brand awareness through significant investment in strategy, production capacity and quality assurance. Harvest's brand and products may not be effectively promoted as intended. The medical cannabis industry is marked by competitive conditions, consumer tastes, patient requirements and unique circumstances, and spending patterns that differ from existing markets.

Environmental and Employee Health and Safety Regulations

Harvest's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. Harvest will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain an Environmental Compliance Approval or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Harvest's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Harvest.

Change in Laws, Regulations and Guidelines

Harvest's business is subject to particular laws, regulations, and guidelines. The production and distribution of medical cannabis is a highly regulated field, and although Harvest intends to comply with all laws and regulations, there is no guarantee that the governing laws and regulations will not change which will be outside of Harvest's control.

On February 24, 2016, the Federal Court released its decision in *Allard*. The impact of this decision could potentially decrease the size of the market for Harvest's business, and potentially materially and adversely affect Harvest's business, its results of operations and financial condition. However, it is not expected that the changes in ACMPR regulations would have an effect on Harvest's operations that are materially different than the effect on similar- sized companies in the industry.

Harvest's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment. While to the knowledge of Harvest's management, Harvest is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of Harvest may cause adverse effects to Harvest's operations and the financial condition of Harvest.

On March 21, 2014, the Federal Court of Canada issued an interim order affecting the repeal of the MMAR and the application of certain portions of the MMPR which are inconsistent with the MMAR in response to a motion brought by four individuals *Allard*. As a result, (i) individuals who held a license to possess cannabis under the MMAR on March 21, 2014 can continue to possess cannabis in accordance with the terms of that license except that the maximum quantity of dried cannabis authorized for possession shall be that which is specified by their license or 150 grams, whichever is less; and (ii) individuals who held, as of September 30, 2013, or were issued thereafter a valid license to produce cannabis under the MMAR can continue to produce medical cannabis in accordance with the terms of that license. Individuals covered by the injunction who wish to change the terms of their license, such as a change in address or designated producer, will be able to do so by registering with Health Canada under the new regulations.

On June 11, 2015 the Supreme Court of Canada, in *R v. Smith*, 2014 SCC 34 ("**Smith**"), held that the restriction on the use of non-dried forms of cannabis for medical cannabis users violates the right to liberty and security of individuals in a manner that is arbitrary and not in keeping with the principles of fundamental justice. As a result, the Supreme Court of Canada declared that Sections 4(1) and 5(2) of the CDSA, which prohibits possession and trafficking of non-dried forms of cannabis, are no longer of force and effect to the extent that they prohibit a person with medical authorization from possessing cannabis derivatives for medical purposes. This ruling means that medical cannabis patients authorized to possess and use medical cannabis are no longer limited to using dried forms of cannabis and may now consume cannabis and its derivative forms for medical purposes. The effect of the Supreme Court of Canada decision on Licensed

Producers was not clear, as Licensed Producers were governed and licensed under the MMPR. In order to clarify the uncertainty surrounding a legal source of supply of cannabis as a result of the Supreme Court of Canada decision, on July 8, 2015 Health Canada issued certain exemptions under the CDSA, permitting Licensed Producers to produce and sell cannabis oil and fresh cannabis buds and leaves, in addition to dried cannabis (this did not permit Licensed Producers to sell plant material that can be used to propagate cannabis).

The Federal Court decision in Allard was delivered on February 24, 2016. In the decision, the Federal Court declared the MMPR invalid as it unconstitutionally violated patients Charter protected rights to liberty and security. However, the Court suspended the operation of the declaration of invalidity for six months to permit Canada to enact a Charter-compliant regime. The Government of Canada choose not to appeal the decision to the Federal Court of Appeal. Instead, the Government of Canada has introduced Charter-compliant legislation.

On August 24, 2016, the ACMPR replaced the MMPR. The ACMPR is the Government of Canada's response to the Federal Court of Canada's February 2016 decision in Allard.

Overall, the ACMPR contains four parts:

- Part 1 is similar to the framework under the MMPR. It sets out a framework for commercial production by Licensed Producers responsible for the production and distribution of quality-controlled fresh or dried cannabis or cannabis oil or starting materials (i.e., cannabis seeds and plants) in secure and sanitary conditions.
- Part 2 is similar to the former MMAR regime. It sets out provisions for individuals to produce a limited amount of cannabis for their own medical purposes or to designate someone to produce it for them.
- Parts 3 and 4 include:
 - Consequential amendments to other regulations that referenced the MMPR (i.e. Narcotic Control Regulations, New Classes of Practitioners Regulations) to update definitions and broaden the scope of products beyond dried cannabis; and
 - Provisions repealing the MMPR and setting out the coming into force of the ACMPR on August 24, 2016.

As of August 24, 2016, Health Canada will accept applications from individuals who wish to register to produce a limited amount of cannabis for their own medical purposes or to designate someone to produce cannabis for them. Individuals who were previously authorized to possess and produce cannabis under the MMAR remain authorized to do so by virtue of a Federal Court injunction order.

Under the ACMPR, Health Canada will continue to accept and process applications to become a Licensed Producer that were submitted under the former MMPR. Further, all Licenses and security clearances granted under the MMPR will continue under the ACMPR, which means that Licensed Producers can continue to register and supply clients with cannabis for medical purposes. New applicants can continue to apply for Licenses to produce under the ACMPR.

The risks to the business of Harvest represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical cannabis, allow others to opt out of the regulated supply system implemented through the ACMPR by

growing their own medical cannabis, or potentially legitimize illegal areas surrounding cannabis dispensaries. This could significantly reduce the addressable market for Harvest's proposed products and could materially and adversely affect the business, financial condition and results of operations for Harvest.

While the impact of any of such changes are uncertain and are highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on Harvest's operations that is materially different than the effect on similar-sized companies in the same business as Harvest.

In addition, the industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond Harvest's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies that may be imposed. Changes in government levies, including taxes, could reduce Harvest's earnings and could make future capital investments or Harvest's operations uneconomic.

Legalization of Recreational Cannabis

On April 13, 2017, the Government of Canada introduced Bill C-45 – *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and Other Acts* ("**Bill C-45**"). If passed, Bill C-45 will result in the legalization and regulation of recreational cannabis use.

There can be no assurance that Bill C-45 will be passed into law, or passed into law substantially in the form in which it was introduced. Further, even if Bill C-45 is passed into law, the importation, exportation, production, testing, packaging, labelling, sending, delivery, transportation, sale, possession or disposal of cannabis or any class of cannabis will remain subject to extensive regulatory oversight. Such extensive controls and regulations may significantly affect the financial condition of market participants, and prevent the realization of such market participants of any benefits from an expanded market for recreational cannabis products.

Restrictions on Sales and Marketing

The medical cannabis industry is in an early stage of development and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental, quasi-governmental bodies or voluntary industry associations may adversely affect Harvest's ability to conduct sales and marketing activities and could have a material adverse effect on Harvest's respective businesses, operating results and financial conditions.

Competition

The market for the medical cannabis products appears to be sizable and Health Canada has only issued a limited number of licenses under the ACMPR regime to produce and sell medical cannabis. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of Harvest. Because of the early stage of the industry in which Harvest operates, Harvest expects to face additional competition from new entrants. According to Health Canada there were 73 Licensed Producers as of November 15, 2017. If the number of users of medical cannabis in Canada increases, the demand for products will increase and Harvest expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. Harvest expects significant competition from other Licensed Producers. Some companies applying for production licenses may have significantly greater financial, technical, marketing and other resources, may

be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships.

To remain competitive, Harvest will require a continued level of investment in research and development, marketing, sales and client support. Harvest may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of Harvest. If Harvest and its subsidiaries are not successful in investing sufficient resources in these areas, its ability to compete in the market may be adversely affected, which in turn could materially and adversely affect Harvest's business, financial conditions and results of operation.

Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of Harvest.

Agricultural Operations

Since Harvest's business will revolve mainly around the growth of medical cannabis, an agricultural product, the risks inherent in agricultural businesses will apply. Such risks may include disease and insect pests, among others. Although Harvest expects to grow its product in a climate controlled, monitored, indoor location, there is no guarantee that changes in outside weather and climate will not adversely affect production. Further, any rise in energy costs may have a material adverse effect on Harvest's ability to produce medical cannabis.

Vulnerability to Rising Energy Costs

Harvest's medical cannabis growing operations consume considerable energy, making Harvest vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of United Greeneries and its ability to operate profitably.

Fluctuating Prices of Raw Materials

Harvest's revenues, if any, are expected to be in large part derived from the production, sale and distribution of marijuana. The price of production, sale and distribution of marijuana may fluctuate widely due to the numerous factors beyond Harvest's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new production and distribution developments and improved production and distribution methods. The effect of these factors on the price of product produced by Harvest and, therefore, the economic viability of any of Harvest's business, cannot be predicted.

Product Liability

As a manufacturer and distributor of products designed to be ingested or inhaled by humans, Harvest faces the inherent risk of product liability claims, regulatory actions and litigation if its products are alleged to have caused loss or injury. In addition, the manufacture and sale of products involve the risk of injury or loss to consumers due to tampering by unauthorized third parties, product contamination and unauthorized use by consumers or other third parties. Previously unknown adverse reactions resulting from human consumption of Harvest's products alone or in combination with other medications or substances could occur. Harvest may be subject to various product liability claims, including that Harvest's products caused

death, injury, illness, or other loss. A product liability claim or regulatory action against Harvest could result in increased costs, adversely affect Harvest's reputation with its respective clients and consumers generally, and adversely affect the results of operations and financial conditions of Harvest.

There can be no assurance that Harvest will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. An inability to obtain sufficient insurance coverage on reasonable terms could prevent or inhibit the commercialization of Harvest's products.

Product Recalls

Manufacturers and distributors of products may be subject to the recall or return of their products for a variety of reasons, including product defects (such as contamination, unintended harmful side effects or interactions with other substances), packaging safety and inadequate or inaccurate labeling disclosure. If any of Harvest's products are recalled due to an alleged product defect or for any other reason, Harvest could be required to incur the unexpected expense of the recall and of any legal proceedings that might arise in connection with the recall. Harvest may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention and otherwise distract from day to day operations.

Operating Risk and Insurance Coverage

Harvest maintains insurance to protect its assets, operations and employees. While Harvest believes its insurance coverage addresses all material risks to which they are exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for all the risks and hazards to which Harvest is exposed. Harvest may be also unable to maintain insurance at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Harvest also might become subject to liability for pollution or other hazards which may not be insured against or which Harvest may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Harvest to incur significant costs that could have a material adverse effect upon Harvest's financial performance and results of operations.

DESCRIPTION OF THE SECURITIES

Harvest Common Shares

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. As of November 17, 2017, 89,177,458 Common Shares were issued and outstanding.

Holders of Common Shares are entitled to receive notice of and to vote at every meeting of Harvest shareholders. Each Common Share entitles the holder thereof to one vote per Common Share at all meetings of shareholders. In the event of liquidation, dissolution, or winding-up of the Company or upon any distribution of the assets of the Company among Harvest shareholders (other than by way of dividend), and subject to the rights, privileges, restrictions and conditions attached to the Preferred Shares, the Harvest shareholders are entitled to share equally in any such distribution.

Subject to the rights, privileges, restrictions and conditions attached to the Preferred Shares, the holders of Common Shares are entitled to dividends if and when declared by the Board. To date, the Company has not paid any dividends on its outstanding Common Shares. The future payment of dividends will be dependent upon the financial requirements of the Company to fund further growth, financial condition of the Company

and other factors that the Board may consider in the circumstances. It is not contemplated that any dividends will be paid in the near term.

Harvest Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares of the Company without nominal or par value (the "**Preferred Shares**"). The Preferred Shares may be issued from time-to-time in one or more series, each consisting of a number of Preferred Shares as determined by the Board which also may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares. There currently are no Preferred Shares issued and outstanding.

The Preferred Shares of each series shall, with respect to payment of dividends and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, rank on a parity with the Preferred Shares of every other series and shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the Preferred Shares. The Preferred Shares of any series may be purchased for cancellation or made subject to redemption as determined by the Board.

STOCK OPTION PLAN

The Company has a "rolling" stock option plan, adopted by Board on August 30, 2017 (the "**Stock Option Plan**"). The Stock Option plan was subsequently approved by the shareholders of the Company at the annual and special meeting of shareholders, held September 29, 2017. A copy of the Stock Option Plan is included as Schedule "C" to the Management Information Circular dated September 1, 2017, filed and available on SEDAR at www.sedar.com.

As of June 30, 2017, the Company had 8,050,000 outstanding options at an exercise price of \$0.75. Of those options, 1,830,000 have vested. All issued and outstanding options expire on April 27, 2022.

DIVIDENDS

There are no restrictions in the constating documents of the Company, and it is not currently expected that there will exist such restriction elsewhere, which could prevent the Company from paying dividends. However, the Company has not paid any dividends to date on the Common Shares.

As of the date of this AIF, the Company does not intend to declare dividends on the Common Shares in the near future. Any decision to pay dividends on the Common Shares in the future will be at the discretion of Board and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may deem relevant. No assurances in relation to the payment of dividends can be given.

STOCK EXCHANGE PRICE

The Common Shares are listed on the TSX-V 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 year ended June 30, 2017:

Period	High (\$)	Low (\$)	Volume
2016			
July	N/A	N/A	N/A
August	N/A	N/A	N/A
September.....	N/A	N/A	N/A
October	N/A	N/A	N/A
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

Notes:

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

PRIOR SALES

As of November 17, 2017, there were 89,177,458 Common Shares outstanding. The table below sets out the dates and prices at which securities of Harvest have been sold in the financial year ended June 30, 2017 and the number of securities of the class sold at each price:

Date	Type of Security	Number of Securities	Issue Price Per Security	Aggregate Issue Price	Consideration Received
April 26, 2017	Subscription Receipt ⁽¹⁾	33,334,000	\$0.75	\$25,000,500	Cash
May 16, 2017	Common Shares ⁽²⁾	223,464	\$0.179	\$40,000	Cash
Total		33,557,464		\$25,040,500	

Notes:

- (1) In connection with the completion of the Acquisition, each Subscription Receipt was automatically exchanged for one Unit. Each Unit consisted of one Common Share and Warrant, entitling the holder thereof to acquire one Warrant Share for an exercise price of \$1.00 per Warrant Share for a period of 36 months from the issuance of such Warrant.
- (2) Common Shares issued upon exercise of options by former management and directors of Harvest.

ESCROWED SECURITIES

Summary of Escrowed Securities

To the knowledge of management as of November 17, 2017, the following Common Shares are held in escrow or otherwise subject to escrow restrictions:

Name and Municipality of Residence of Securityholder	Designation of Class	Number of Harvest Securities Held in Escrow	Percentage of Class
<i>MMJ</i> ⁽¹⁾ (Australia)	Common Shares	26,666,666	29.9%
<i>Anne Chopra</i> ⁽²⁾ (Vancouver, British Columbia, Canada)	Common Shares	296,090	0.33%
<i>David Berg</i> ⁽²⁾ (Dewinton, Alberta, Canada)	Common Shares	268,157	0.30%
<i>Paul Matysek</i> (West Vancouver, British Columbia, Canada)	Common Shares	189,944	0.21%
Total		27,420,857	30.74%

Notes:

- (1) Includes Common Shares held by Phyto UK, a wholly owned subsidiary of MMJ. The Common Shares held by MMJ are subject to a Tier 1 Value Escrow Security Agreement dated April 26, 2017 entered into in connection with the completion of Harvest's Qualifying Transaction, with 25% of MMJ's Common Shares released on the date of the final Exchange Bulletin in respect of the Qualifying Transaction, and 25% released every 6 months thereafter.
- (2) As disclosed in the Company's amended filing statement dated April 19, 2017 (the "**Filing Statement**"), which is available under the Company's profile on SEDAR at www.sedar.com, filed in connection with the Acquisition, certain members of the former management of the Company are subject to Exchange escrow requirements applicable to Capital Pool Companies, within the meaning of Exchange Policies.

DIRECTORS, OFFICERS AND PROMOTERS

Name, Address, Occupation and Security Holdings

The following table sets out the names of the directors and officers of Harvest, the municipality and province of residence, their position with, their principal occupation during the past 5 years, and the number and percentage of Common Shares which are beneficially owned, directly or indirectly, or over which control or direction is to be exercised, by each of the Company's directors and officers:

Name, Municipality of Residence and Position with the Company ⁽³⁾	Position and Period with Harvest	Principal Occupation During Last 5 Years	Number and Percentage of Harvest Common Shares Owned or Controlled ⁽²⁾
<i>Andreas Gedeon</i> CEO and Director (Vancouver, British Columbia, Canada)	Director and CEO of Harvest from April 26, 2017 to Present	Self-employed from 2006 to 2013; and CEO of Duncan Bioscience Inc. from 2013 to 2014	30,000 ⁽⁴⁾ (0.03%)
<i>Lisa Dea</i> Chief Financial Officer (North Vancouver, British Columbia, Canada)	CFO of Harvest from June 13, 2017 to Present	CFO of Kabuni Ltd. from September 2016 to June 2017; CFO of Greenbriar Capital Corp from Feb 2014 to November 2016; CFO of El Tigre Silver	Nil.

Name, Municipality of Residence and Position with the Company⁽³⁾	Position and Period with Harvest	Principal Occupation During Last 5 Years	Number and Percentage of Harvest Common Shares Owned or Controlled⁽²⁾
		Corp. from April 2014 to November 2015; CFO of Silvermex Resources Inc. from May 2011 to July 2012.	
<i>Peter Wall</i> ⁽¹⁾ Chairman and Director (Perth, Australia)	Director of Harvest from April 26, 2017 to Present.	Corporate lawyer	Nil. ⁽⁵⁾
<i>Jason Bednar</i> ⁽¹⁾ Director (Calgary, Alberta, Canada)	Director of Harvest from April 26, 2017 to Present.	CFO of MENA Hydrocarbons Inc. from 2011 to 2014; and CFO of Canacol Energy Inc. from 2015 to Present	Nil. ⁽⁶⁾
<i>Will Stewart</i> ⁽¹⁾ Director (Oakville, Ontario, Canada)	Director of Harvest from May 24, 2017 to Present	Managing Principal of Navigator Inc. from January 2005 to Present	Nil.
<i>Graham Whitmarsh</i> Chief Operating Officer (Vancouver, British Columbia, Canada)	Officer of Harvest from May 3, 2017	Deputy Minister of Finance and Minister of Health, Government of British Columbia from April 2007 to June 2013; CEO Mercury Scheduling Systems from November 1997 to July 2004.	Nil.
<i>Nick Maltchev</i> Chief Technology Officer (Port Coquitlam, British Columbia, Canada)	Officer of Harvest from May 3, 2017	Information Technology Manager, COO and General Manager of Advanced Nutrients April 2004 to July 2016	Nil

Notes:

- (1) Member of the audit committee and compensation, nominating and governance committee.
- (2) The information as to number of Common Shares beneficially owned or over which a director or officer exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors and/or officers individually.
- (3) The information as to country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors and/or officers individually. Each director will serve until the next annual meeting of shareholders of the Company.
- (4) Mr. Gedeon also owns 6,563,914 common shares of MMJ. MMJ is the largest shareholder in the Company.
- (5) Mr. Wall owns 4,100,000 common shares of MMJ. MMJ is the largest shareholder in the Company.
- (6) Mr. Bednar owns 1,026,522 common shares of MMJ. MMJ is the largest shareholder in the Company.

The directors and officers of Harvest, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 30,000 Common Shares representing 0.03% of the issued and outstanding Common Shares.

Messrs. Gedeon, Choo, Whitmarsh and Maltchev and Ms. Dea are employees of United Greeneries. Each of the officers and directors of Harvest and its subsidiaries will devote such time to the affairs of the Company as is necessary for the proper performance of his or her duties.

Management

The following is a brief description of the directors and officers of the Company:

Andreas Gedeon

CEO and Director

Mr. Gedeon was a former officer in the German Navy and holds a degree in Educational Sciences from the University of the German Federal Armed Forces (Bundeswehr University Munich). Mr. Gedeon is an experienced businessman with proven expertise in large-scale and human resource intensive projects, including in the media production, horticultural and commercial construction industries. Mr. Gedeon was the founder of United Greeneries and Satipharm and has served as the Managing Director of MMJ Phytotech Limited since July 27, 2015.

Lisa Dea

CFO

Ms. Dea has over 20 years of experience in the finance, securities and accounting fields. Ms. Dea has been the CFO of several TSX and TSX-V listed companies, where she was responsible for corporate strategy, finance and legal matters, debt and capital market activities, internal and external public reporting, financial controls, processes and corporate governance. She has been instrumental in helping several companies from the development stage to large scale commercial operations. Prior to working in industry, Ms. Dea spent eleven years at Deloitte & Touche LLP, achieving the position of Senior Manager.

Ms. Dea has her Chartered Accountants designation and a Bachelor of Commerce degree from the University of British Columbia.

Graham Whitmarsh

COO

Mr. Whitmarsh has experience in finance, capital and deal structure, health care, aviation, and technology at the CEO level in both the public and private sectors. Mr. Whitmarsh has held two of the most senior positions in the government of British Columbia: deputy minister of health, and deputy minister of finance. He also brings experience within the medical cannabis industry having acted as CEO of a start-up, providing initial leadership on behalf of a group of investors and consulting to the industry. Mr. Whitmarsh's previous experience includes acting as the President and CEO of Mercury Scheduling Systems and various other senior executive positions. He has served on numerous boards of directors, including public companies, not for profits and government committees, and holds a BSc (honours) in engineering from the University of Leeds.

Nick Maltchev

CTO

Mr. Maltchev is a global executive with a passion for results and building great teams. He brings a mix of strategic thinking and deep technical knowledge and over 25 years of technology experience. He has been involved in the cannabis industry since 2004 and was an integral part of the Advanced Nutrients management team over a period of 12 years, holding several positions including information technology manager, COO and general manager. Mr. Maltchev holds a Bachelors of Business Administration degree, as well as other designations in project management, cybersecurity and computer science. He is also currently in the process of finishing an MBA in management information systems.

Peter Wall

Chairman and Director

Mr. Wall is a corporate lawyer based in Perth, Western Australia and is a Partner at one of Australia's leading corporate and commercial law firms. He graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance) and subsequently completed a Masters of Applied Finance and Investment with the FINSIA (formerly the Securities Institute of Australia). Mr. Wall has a wide range of experience in all forms of corporate and commercial law, with a particular focus on mergers and acquisitions, initial public offerings, back door listing and capital market transactions.

Mr. Wall was a founding Director and shareholder of MMJ (formerly Phytotech Medical), the first medical cannabis company to list on the ASX. He is the currently the Non-Executive Chairman of MMJ. He is also the Non-Executive Chairman of the following ASX-listed companies: Minbos Resources Ltd.; Activistic Limited; MyFiziq Limited; Zyber Holdings Limited; Sky and Space Global Ltd.; and Transcendence Technologies Limited. Mr. Wall is also a Non-Executive Director of Ookami Limited and Pursuit Minerals Limited.

Jason Bednar

Director

Mr. Bednar is a Chartered Accountant with more than 20 years of direct professional experience in the financial and regulatory management of companies listed on the TSX, TSX-V, American Stock Exchange and the ASX.

He is currently the CFO of Canacol Energy Ltd., a Colombian focused oil and gas exploration and production company with an enterprise value in excess of \$1 billion.

Mr. Bednar has been the past CFO of several international oil and gas exploration and production companies. Most notably, he was the founding CFO of Pan Orient Energy Corp., a south-east Asia focused exploration company, which during his tenure grew organically to operate 15,000 barrels of oil per day and had a market capitalization of \$700 million. He previously sat on the board of directors of several internationally-focused exploration and production companies, including as the past Chairman of Gallic Energy Ltd. Mr. Bednar holds a Bachelor of Commerce degree from the University of Saskatchewan.

Will Stewart

Director

As a Managing Principal at Navigator Inc., a leading Canadian public strategy and communications firm, Mr. Stewart has earned the trust and respect of leaders in corporations, government and not-for-profit organizations for his expertise as a senior strategic public affairs advisor. Mr. Stewart has demonstrated expertise in qualitative research, media relations, campaign planning and reputation management and recovery. He provides strategic planning, research and communications counsel to clients in a diverse variety of sectors, including aviation, energy, health care and the emerging Canadian cannabis environment. Mr. Stewart has served as Chief of Staff to Ontario cabinet ministers responsible for energy and social services, as well as to the Government Whip and House Leader. As a respected media commentator on politics, public policy and social media. Mr. Stewart regularly appears on television, radio and print as a strategist. He has also been chosen by the Hill Times as a member of its Top 100 Lobbyists in Canada for

six consecutive years and was awarded the Queens Diamond Jubilee Medal for his contribution to Canadian public policy.

Corporate Cease Trade Orders or Bankruptcies

Except as described below, no director or executive officer of the Company is, or has been, within the past 10 years before the date of this AIF, a director or executive officer of any issuer that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation for a period of more than 30 consecutive days.

No director or executive officer of the Company is, or has been, within the past 10 years before the date of this AIF, a director or executive officer of any issuer that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Jason Bednar was formerly a director of Solimar Energy Limited ("**Solimar**") from November 12, 2011 to December 12, 2014, upon which date all of the directors and officers resigned. On December 3, 2015, December 8, 2015 and December 21, 2015, the common shares of Solimar were cease traded by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission, respectively, as the result of the failure by Solimar to file various continuous disclosure documents, including interim financial statements and related management's discussion and analysis for the three-month period ended September 30, 2014, together with the related certification filings thereto.

Personal Bankruptcies

To the Company's knowledge, except as disclosed below, no director of the Company has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

On November 24, 2009, Andreas Gedeon became bankrupt for the first time without surplus income, for which he was subsequently automatically discharged on August 25, 2010 under subsection 168.1(1)(a)(i) of the *Bankruptcy and Insolvency Act* (Canada), as amended.

Conflicts of Interest

Some of the proposed directors and officers of the Company are also directors, officers and/or Promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of Company, notwithstanding that they are bound by the provisions of the BCBCA to act at all times in good faith in the interest of the Company and to disclose such conflicts to the Company if and when they arise. To the best of their knowledge, the proposed management of the Company is not aware of the existence of any conflicts of interest between any of their directors and officers as of the date of this AIF, other than as disclosed herein.

Other Reporting Issuer Experience

The following table sets out the directors, officers and Promoters of the Company that are, or have been within the last 5 years, directors, officers or Promoters of other reporting issuers:

Name	Reporting Issuer (Name and Jurisdiction)	Position(s) Held	Market Traded On	From		To	
				Month	Year	Month	Year
<i>Andreas Gedeon</i> CEO and Director	MMJ (Australia)	Managing Director	ASX	July	2015	Present	
<i>Lisa Dea</i> CFO	MMJ (Australia)	CFO	ASX	June	2017	Present	
<i>Peter Wall</i> Chairman and Director	MMJ (Australia)	Director	ASX	August	2014	Present	
	Minbos Resources Ltd. (Australia)	Director	ASX	February	2014	Present	
	Activistic Limited (Australia)	Director	ASX	June	2015	Present	
	MyFiziq Limited (Australia)	Director	ASX	May	2015	Present	
	Zyber Holdings Limited (formerly Dourado Resources Limited) (Australia)	Director	ASX	January	2015	Present	
	Sky and Space Global Ltd. (Australia)	Director	ASX	October	2015	Present	
	Transcendence Technologies Limited (formerly GRP Corporation Ltd.) (Australia)	Director	ASX	October	2015	Present	
	Ookami Limited (Australia)	Director	ASX	October	2015	Present	
	Global Metals Exploration NL (Australia)	Director	ASX	April	2015	July	2016
	TV2U International Limited (formerly Galicia Energy Corporation Ltd.) (Australia)	Director	ASX	February	2012	February	2016
	Aziana Limited (Australia)	Director	ASX	September	2014	August	2015
	Discovery Resources Ltd. (Australia)	Director	ASX	June	2012	November	2013
	Pursuit Minerals Ltd	Director	ASX	April	2017	Present	
<i>Jason Bednar</i> Director	Canacol Energy Ltd. (Canada)	CFO	TSX	June	2015	Present	
	Solimar (Canada and Australia)	Director	TSX-V & ASX	November	2011	December	2014
	MENA Hydrocarbon Inc. (Canada)	Director	TSX-V	May	2011	February	2014
	Mobius Resources Inc. (Canada)	Director	TSX-V	April	2014	May	2015
	Tilting Capital Corp. (Canada)	Director	TSX-V	March	2014	Present	
	Gallic Energy Ltd. (Canada)	Director	TSX-V	October	2010	December	2012
	MMJ (Australia)	Director	ASX	July	2015	Present	

CODE OF CONDUCT AND BUSINESS ETHICS

The Board has adopted a Code of Conduct and Business Ethics (the "**Code**") which provides guidelines surrounding, among other items, compliance with applicable laws, conflicts of interest, certain opportunities, confidentiality and disclosure, employment practices, and use of company property and resources. A copy of the Code is attached hereto as Schedule "A".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Harvest is not aware of: (a) any legal proceedings to which it is a party, or by which any of its property is subject, which would be material to it and are not aware of any such proceedings being contemplated, (b) any penalties or sanctions imposed by a court relating to securities legislation, or other penalties or sanctions imposed by a court or regulatory body against it that would likely be considered important to a reasonable

investor making an investment decision and (c) any settlement agreements that we have entered into before a court relating to securities legislation or with a securities regulatory authority.

TRANSFER AGENT AND REGISTRAR

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

MATERIAL CONTRACTS

Except for those contracts described under the heading "*General Development of the Business*" relating to the Acquisition, being the Share Exchange Agreement, the Agency Agreement, the Subscription Receipt Agreement, and the Warrant Indenture, copies of which have been filed under the Company's profile on www.sedar.com, Harvest has not entered into any material contracts.

INTEREST OF EXPERTS

The financial statements of the Company for the fiscal year ended June 30, 2017 have been audited by BDO Canada LLP, the auditors of the Company located at 600 Cathedral Place, 925 West Georgia Street, Vancouver, BC, V6C 3L2, who are independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found under its profile on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Harvest securities, and securities authorized for issuance under the Stock Option Plan can be found in Harvest's Management Information Circular dated September 1, 2017 and filed under Harvest's profile on SEDAR. Additional financial information is provided in Harvest's annual financial statements and Management's Discussion and Analysis for the year ended June 30, 2017, also filed under Harvest's profile on SEDAR.

SCHEDULE "A"
CODE OF CONDUCT AND ETHICS



CODE OF CONDUCT AND ETHICS

Effective as of and from June 8, 2017

HARVEST ONE CANNABIS INC.

CODE OF CONDUCT AND ETHICS

1.0 INTRODUCTION

Ethical conduct in its business practices is critical to the development and maintenance of the reputation and credibility of Harvest One Cannabis Inc. ("**Harvest**"). Harvest expects its directors, officers, employees, contractors and consultants (collectively, "**Personnel**") to operate in accordance with the highest ethical standards in their conduct of business for and on behalf of the Company.

Harvest is committed to the following values:

- Integrity, honesty and respect
- Customer focus
- Teamwork
- Achievement and accountability
- Employee engagement
- Innovation
- Openness and transparency
- Understanding and compassion

These values are embodied within this code of conduct and ethics (the "**Code**"). This Code will guide Personnel in identifying and managing business situations, allowing Harvest to conduct business in a responsible and ethical manner, treating those with whom it deals (including, without limitation Harvest's securityholders, gaming regulators, customers, suppliers, competitors and Personnel) with fairness and respect. This Code is not intended to address every issue that may arise, but rather is intended to set out basic principles with which Harvest expects you to comply.

This Code has been adopted by the board of directors of Harvest (the "**Board**"). The Board reserves the right to add to, modify and rescind all or any portion of this Code at any time and from time to time. This Code governs in the event of any conflict or inconsistency between this Code and any other materials distributed by Harvest. If any law conflicts with a policy set out in this Code, you must comply with the law.

2.0 COMPLIANCE WITH LAWS

Harvest will conduct its business activities in compliance with all laws, regulations and requirements that are applicable to wherever Harvest operates. Personnel will inform themselves respecting the laws and regulations applicable to Harvest's activities. Harvest Personnel are also required to become familiar with, and agree to comply with all applicable Harvest policies.

If there are any questions or uncertainties about the application or interpretation of laws, regulations, standards or policies that direct Harvest's operations, Personnel should direct questions to their immediate superior, supervisor or person with whom he or she has a reporting relationship.

3.0 CONFLICT OF INTEREST

A conflict of interest occurs when an individual's private interests interfere in any material way with the interests of Harvest. A perceived conflict of interest occurs where an individual's private interests appear to be in conflict in the material way with the interests of Harvest. Personnel must not participate in any activity or situation that results in a conflict or perceived conflict between personal interests and the interests of Harvest. Personnel should also avoid situations or activities that could compromise, or appear to compromise, their judgment, objectivity or ability to act in the best interest of Harvest. Activities that could give rise to potential conflicts of interest are prohibited unless specifically approved in advance by the Chief Executive Officer ("CEO") or the Board.

The following is a non-exhaustive list of examples where a conflict of interest or a perceived conflict of interest could arise:

- **Financial Interest:** Personnel and their families (spouse, children) will not knowingly own, control or direct a material financial interest in a supplier, contractor, competitor or in any entity with which Harvest does or seeks to do business.
- **Customer and Supplier Relations:** All customers and suppliers involved with Harvest in the purchase of goods and services should be treated fairly and with respect. Purchase decisions must be made based on objective criteria such as quality, reliability, price, delivery and service.
- **Gifts, Entertainment or Bribes:** Offering or receiving any gift (monetary or non-monetary), gratuity or favour that may be perceived to unfairly influence a business decision should be avoided. While gifts or entertainment offered to or by persons or entities seeking to or doing business with Harvest in the ordinary course are to an extent acceptable, Personnel will exercise responsibility and objectivity in offering or accepting such gifts or entertainment. It is unacceptable to directly or indirectly offer, pay, solicit or accept bribes or engage in any activity that may appear to be improperly influencing business relations.
- **External Business Activities:** Personnel will not engage in any outside business activity that creates a conflict of interest or is otherwise deemed detrimental to Harvest or conduct any external business activities on Harvest premises or during normal business hours unless prior approval is obtained from the CEO or the Board.
- **Acting as Director.** Personnel must obtain the approval of the CEO or the Board prior to accepting a position as director of a for-profit company or business organization.

- **Government and Community Relations:** Any Company support to political organizations requires the approval of the CEO. Personnel who engage in personal political activities must do so on their own time and not on behalf of Harvest.
- **Personal Relationships:** Personnel will avoid any arrangement or circumstance (including personal relationships) that may compromise their ability to act in the best interests of Harvest. Officers, directors and employees of Harvest will not directly supervise anyone with whom they are engaged in a personal relationship.

Personnel are expected to use common sense and good judgment in determining whether a conflict of interest does or potentially could exist. In the event of an actual, potential or perceived conflict of interest, Personnel should speak to their immediate superior, supervisor or person with whom he or she has a reporting relationship; and, in the event of any Officers of Harvest, the CEO; and in the event of the CEO, the Board. Waivers can only be granted by the Board or in certain circumstances by the CEO. Breaches of the conflict of interest obligations of Personnel will result in disciplinary action up to and including termination of employment or retainer for cause in appropriate circumstances.

4.0 CORPORATE OPPORTUNITIES AND DUTY OF LOYALTY

You have a duty of loyalty to Harvest, which includes a duty to advance Harvest's legitimate interests when the opportunity to do so arises. Accordingly, you may not use your position or Harvest's name, property, information or goodwill for personal gain or for the gain of others. You are further prohibited from taking advantage of an opportunity that is discovered through the use of any corporate property, information, contacts or your position with Harvest. All such opportunities, actual or perceived, should be reported to your immediate supervisor.

5.0 CONFIDENTIALITY AND DISCLOSURE

During employment with Harvest, Personnel will have access to or obtain information that is non-public, confidential, of value to Harvest's competitors or that may be damaging to Harvest if disclosed improperly ("**Confidential Information**"). Personnel may also gain access to Confidential Information about suppliers and customers with whom Harvest conducts business.

Personnel have a responsibility to protect the Confidential Information of Harvest or the companies it does business with against theft, loss, unauthorized access or use, alteration or misuse. This obligation applies during the employment or retainer of any Personnel and after termination of such employment or retainer for any reason, for so long as the Confidential Information retains its confidential nature.

Personnel must maintain the confidentiality of Confidential Information entrusted to them by Harvest, or that otherwise comes into their possession in the course of their employment or retainer. Confidential Information may only be disclosed if it is legally required or if specific authorization is given, or as required to properly perform any duties on behalf of Harvest.

All information about Harvest, its business, its interests, including its ownership interests, and its activities that has not been publicly disclosed and that if known by the general public might reasonably be expected to have a material impact on a business decision or transaction, or effect the value of any security, ("**Insider Information**") is considered Confidential Information. The use of Insider Information relating to Harvest for personal gain or for any reason other than the proper performance of any duties on behalf of Harvest is not only unethical and a breach of this Code, but may also be illegal.

Examples of Insider Information include, but are not limited to:

- unpublished financial results
- material licensing or other regulatory developments
- expansions or curtailment of operations
- operational incidents
- anticipated acquisitions or joint ventures
- pending litigation

Personnel must not speak on behalf of Harvest unless authorized to do so and should refer to the Corporate Disclosure Policy for specific direction. Personnel should refer questions from the media to the appropriate spokesperson of Harvest.

If Personnel are not sure whether information has been publicly disclosed, they should seek advice from their immediate superior, supervisor or person with whom he or she has a reporting relationship.

These confidentiality and disclosure obligations remain in effect even after Personnel leave their employment or engagement with Harvest. Breaches of the confidentiality and disclosure obligations of Personnel will be subject to disciplinary action up to and including termination of employment or retainer for cause in appropriate circumstances.

6.0 EMPLOYMENT PRACTICES, HEALTH, SAFETY AND ENVIRONMENT

Harvest will ensure that all Personnel are treated with respect and dignity. Harvest will not tolerate discrimination or harassment against current or potential Personnel or those with whom it conducts business based on race, nationality, ethnic origin, colour, religion, age, gender, marital status, family status, sexual orientation, political belief or disability.

Harvest is committed to assuring fair employment, including equal treatment in hiring, training, compensation, termination and corrective actions.

Harvest will establish and maintain a safe and healthy working environment for its Personnel and conduct its operations in an environmentally responsible manner in accordance with applicable laws, regulations and industry standards. Harvest is committed to keeping its workplaces free from hazards. Threats or acts of violence or physical intimidation are prohibited. To protect the safety of all Personnel, Harvest's assets, the environment, and the communities within which Harvest works, Personnel must report for work fit to perform their duties and free from the influence of any substance that could prevent them from conducting their work activities safely, effectively, and in compliance with all applicable laws.

7.0 USE OF COMPANY PROPERTY AND RESOURCES

Harvest's information systems, office equipment, tools, vehicles, supplies, facilities, services and any other assets or property owned or leased by Harvest or that are otherwise in Harvest's possession are provided and should be used for authorized business purposes only. Personnel have an obligation to protect and use

Harvest property and resources, including proprietary information, in accordance with the principles of sensible and acceptable use. Unacceptable use will not be tolerated.

Acceptable business use of Harvest property is demonstrated when such use:

- complies with company policies and values, and all applicable laws;
- ensures the confidentiality and integrity of Harvest's information; and
- ensures the protection of Harvest's property and resources.

Personal use of Harvest property is considered reasonable if it:

- does not involve pornographic, sexist, racist, stereotypical or otherwise offensive or inappropriate content or activities;
- adheres to any proprietary restrictions or restrictions on use imposed by Harvest or any third party, including any party with whom Harvest has a licensing agreement;
- aligns with Harvest's values;
- respects applicable laws; and
- does not interfere with the responsibility of Personnel on behalf of Harvest.

Unacceptable use (personal or business related) of Harvest property includes when an individual uses such property:

- to defame, slander, harass or unreasonably interfere with any individual or organization, including Harvest;
- to partake in any illegal or unethical activity;
- to conduct any activity that could negatively impact Harvest or its reputation;
- to make excessive use of non-business-related internet sites or access any illicit or inappropriate sites;
- in substitution for personal assets (e.g. personal computer) for reasons unrelated to Harvest's business;
- intentionally transmit viruses or transmit virus warnings to any recipient;
- access or exchange content that is inappropriate in a professional workplace; and/or
- conduct personal commercial ventures.

The theft, misuse, damage or waste of Harvest property and resources by any Personnel will not be tolerated and will be subject to disciplinary action, up to and including termination of employment or retainer for

cause in appropriate circumstances. It could also result in civil or criminal penalties. Any infractions should be reported by Personnel immediately to an immediate superior, supervisor or person with whom he or she has a reporting relationship or, if that will not resolve the issue, the human resources department.

8.0 RETENTION OF DOCUMENTS AND RECORDS

It is Harvest's policy to cooperate with all governmental investigative authorities. Personnel shall retain any record, document or property of Harvest that is known to be the subject of an investigation or litigation.

It is a violation of this Code for Personnel to knowingly alter, destroy, conceal, cover up, falsify or make a false entry in any record, document or tangible object with the intent to impede, obstruct or improperly influence the investigation or proper administration of any matter within the jurisdiction of any federal, provincial, state or municipal department or agency, or any bankruptcy, or in relation to or contemplation of any such matter or case.

9.0 REPORTING FINANCIAL TRANSACTIONS

The books and records of Harvest will reflect all business activities and transactions in a timely, fair and accurate manner. All assets and liabilities of Harvest will be properly recorded in order to reflect and maintain the business operations and activities of Harvest.

Compliance with applicable and generally accepted accounting principles, financial reporting standards and securities laws shall be observed in the preparation and disclosure of all financial records and information.

All business transactions shall be properly authorized, recorded and supported by accurate documentation and in reasonable detail to ensure that the best interests of Harvest and any Confidential Information or other corporate information belonging to Harvest is protected.

The intentional creation of any false or misleading entries with respect to any business activity or transaction is strictly prohibited and will be subject to appropriate disciplinary action, up to and including termination of employment or retainer for cause in appropriate circumstances.

10.0 COMPLIANCE AND ENFORCEMENT

All Personnel must become familiar with and agree to comply with this Code as a condition of employment, and apply it to all their business activities with, for and on behalf of Harvest.

You should read this Code carefully, ask questions of your immediate superior, supervisor or person with whom you have a reporting relationship. The attached Annex A sets out compliance procedures for Harvest Personnel to observe when they encounter situations involving a breach or potential breach of this Code.

All directors, officers, and employees of Harvest in managerial or supervisory positions, or whose duties involve regular contact with any government department or agency, or the selection of contractors for the provision of goods or services, or the approval or payment of invoices on behalf of Harvest, or any other Personnel as requested or determined by any officer of Harvest from time to time, must promptly sign and return the certification attached as Annex B, acknowledging receipt of this Code to:

Harvest One Capital Inc.
Suite 704, 595 Howe Street
Vancouver, BC
V6C 2T5

In the event that any Personnel breach their obligations under this Code or any of Harvest's other policies and procedures, they shall be subject to appropriate disciplinary action up to and including termination of employment or retainer for cause in appropriate circumstances.

11.0 NON-COMPLIANCE REPORTING

All Personnel are responsible for reporting any conduct or activities that they reasonably believe are or may lead to a breach of any obligations under this Code. In reporting non-compliance, employees, contractors and consultants should first raise the issue with their immediate superior, supervisor or person with whom he or she has a reporting relationship, who shall consult with Harvest's general counsel or human resources department to determine whether a breach of this Code has or may have occurred and authorize measures to be taken to avoid or neutralize the adverse effect of such breach. If consultation with a supervisor or superior is not possible in the circumstances, or does not resolve the matter, Personnel should take it up directly with Harvest's general counsel.

No retaliatory action will be taken against an individual for providing information in good faith. Disciplinary actions may be taken against any Personnel who violate this Code.

Any member of the Board or any officer having an actual or potential conflict of interest in any proposed transaction or arrangement is not permitted to vote (in the case of a member of the Board) or use his or her personal influence on the matter being considered by the Board. Any member of the Board having an actual or potential conflict of interest is not counted in determining the quorum for consideration and vote on the particular matter, and should excuse him or herself from any meeting of the Board during discussion of the matter in question and from any vote on the particular matter. The minutes of the Board meeting should reflect the disclosure, the absence from the meeting of the interested director or officer, the abstention from voting of such interested director or officer and the presence of a quorum. The proposed transaction or arrangement is considered approved if it receives the affirmative vote of a majority of the disinterested members of the Board. The foregoing requirements do not prohibit the interested director or officer from briefly stating his or her position in the matter or from answering pertinent questions from the disinterested members of the Board, as the interested director's knowledge may be of assistance to the other Board members in their consideration of the matter.

12.0 WAIVERS AND AMENDMENTS

Any waiver of this Code and any amendments to this Code shall be subject to the sole discretion of the Board. Waivers with respect to employees, contractors and consultants may be given by the CEO, who shall report any such waivers to the Board.

Any amendments to this Code will be disclosed to all Personnel and to any other interested party or governmental department, body or agency as required by applicable law, rule, regulation or stock exchange requirement.

13.0 APPROVAL

Adopted by the Board as of June 8, 2017.

ANNEX A

CODE OF CONDUCT AND ETHICS COMPLIANCE PROCEDURES

Personnel must work together to avoid the breach of any obligations under this Code and to ensure that prompt and consistent action is taken by Harvest to address any violations of this Code that do occur. From time to time, Personnel may encounter situations in which it is difficult to determine whether a breach of this Code has occurred or how best to respond to a possible breach of this Code. Since not every situation that will arise can be anticipated, the following represents a general procedure that Personnel should apply when dealing with these issues:

1. **Make sure you have all the facts.** In order to reach the right solution, all relevant information must be known.
2. **Consider what you are being asked to do and whether it seems unethical or improper.** This will assist you to focus on any potential problems under this Code and the alternatives available to you to deal with the situation.
3. **Discuss the problem with a supervisor.** In many cases, supervisors will be more knowledgeable about the question and the most appropriate response. In other situations, the involvement of a supervisor is a requirement in order to properly evaluate and respond to a breach or possible breach of this Code. Personnel should remember that it is the responsibility of supervisors to help solve problems and ensure compliance with this Code.
4. **Seek help from Company resources.** In the rare case where it may not be appropriate to discuss an issue with a supervisor, or where a supervisor is not available to answer a question, Personnel should discuss it with a person with whom he or she has a reporting relationship or the human resources manager. If that is not appropriate or if a satisfactory resolution is not obtained, you may call or send concerns to Harvest's internal or external counsel.
5. **Report ethical violations in confidence and without fear of retaliation.** The Company does not permit retaliation of any kind for good faith reports of the breach or possible breach of any obligations under this Code. The reporting of breaches or possible breaches of this Code by Personnel in bad faith or contrary to the spirit and intentions of this Code will lead to appropriate disciplinary action being taken by the Company.
6. **Always ask first, act later.** If you are asked to do something you are unsure about, you should seek guidance and ask questions first before the action in question is taken.

ANNEX B

CODE OF CONDUCT AND ETHICS CERTIFICATION

I have read and understand this Code of Conduct and Ethics (the "**Code**") of Harvest One Cannabis Inc. ("**Harvest**"). I agree that I will comply with the policies and procedures set forth in this Code. I understand and agree that, if I am an employee or contractor of Harvest, or one of its subsidiaries, my failure to comply in all respects with Harvest's policies, including this Code, is a basis for appropriate disciplinary action, up to and including termination of employment or retainer for cause.

I agree to promptly notify and, where required, submit a written report to Harvest's general counsel describing any circumstances in which:

1. I have a reasonable basis for believing that a violation of this Code by any Personnel has occurred;
2. I have or any member of my family has, or may have, engaged in any activity that represents a breach of my obligations under this Code;
3. I have or any member of my family has, or may have, any interest in any business or activity that represents a breach of my obligations under this Code; and
4. I or any member of my immediate family is contemplating any activity or acquisition that could reasonably lead to a breach of my obligations under this Code.

I am unaware of any violations or suspected violations of this Code by any employee or contractor except as described below or on the attached sheet of paper. (If no exceptions are noted, please initial the space provided below.)

_____ No exceptions

To the best of my knowledge and belief, neither I nor any member of my immediate family has any interest or affiliation, or has engaged in any activity, which represents a breach of my obligations under this Code or would otherwise create a conflict of interest, or a perceived conflict of interest, between my own personal interests and the interest of Harvest or its subsidiaries, except as described below or on the attached sheet of paper. (If no exceptions are noted, please initial the space provided below.)

_____ No exceptions

I am aware that this signed certification will be filed with my personal records in Harvest's human resources department.

Type or Print Name

Signature

Date