

**POCML 4 INC.**  
**FILING STATEMENT**  
**QUALIFYING TRANSACTION**  
**INVOLVING THE ACQUISITION BY**  
**POCML 4 INC.**  
**OF MEDIPHARM LABS INC.**

Dated as of September 24, 2018

All information contained in this Filing Statement with respect to MediPharm Labs Inc. (“**MediPharm**”) and the future plans for the Resulting Issuer (as defined herein) was supplied by MediPharm for inclusion herein.

*Neither the TSX Venture Exchange Inc. (the “TSXV”) nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this filing statement.*

## TABLE OF CONTENTS

NOTE TO UNITED STATES SHAREHOLDERS .....	I
FORWARD-LOOKING INFORMATION.....	I
GLOSSARY OF DEFINED TERMS.....	I
SUMMARY OF FILING STATEMENT .....	I
PRO FORMA CONSOLIDATED CAPITALIZATION.....	IV
AGENTS.....	XI
RESULTING ISSUER RISK FACTORS.....	XII
PART I - INFORMATION CONCERNING POCML4 .....	1
NAME AND INCORPORATION .....	1
GENERAL DEVELOPMENT OF THE BUSINESS.....	1
POCML4 SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S	
DISCUSSION AND ANALYSIS .....	1
DESCRIPTION OF SECURITIES .....	2
STOCK OPTIONS.....	3
PRIOR SALES .....	3
STOCK EXCHANGE PRICE .....	4
EXECUTIVE COMPENSATION .....	4
ARM'S LENGTH TRANSACTIONS .....	7
LEGAL PROCEEDINGS .....	7
AUDITOR, TRANSFER AGENTS AND REGISTRARS.....	7
MATERIAL CONTRACTS.....	7
PART II - INFORMATION CONCERNING MEDIPHARM.....	8
NAME AND INCORPORATION .....	8
INTERCORPORATE RELATIONSHIPS.....	8
THE TRANSACTION.....	9
GENERAL DEVELOPMENT OF THE BUSINESS.....	15
NARRATIVE DESCRIPTION OF THE BUSINESS.....	18
MEDIPHARM SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION	
AND ANALYSIS .....	23
DESCRIPTION OF SECURITIES .....	25
STOCK OPTIONS.....	25
CONSOLIDATED CAPITALIZATION .....	25
PRIOR SALES .....	26
STOCK EXCHANGE PRICE .....	27
NON-ARM'S LENGTH PARTY TRANSACTIONS .....	27
AUDITORS .....	27
REGISTRAR AND TRANSFER AGENT .....	27
MATERIAL CONTRACTS.....	27
PART IV - INFORMATION CONCERNING THE RESULTING ISSUER .....	29
NAME AND INCORPORATION .....	29
INTER-CORPORATE RELATIONSHIPS.....	29
DESCRIPTION OF SECURITIES .....	30
PRO FORMA CONSOLIDATED CAPITALIZATION.....	31
PRO FORMA FULLY DILUTED SHARE CAPITAL .....	32
AVAILABLE FUNDS.....	33
PRINCIPAL PURPOSES OF FUNDS.....	33
DIVIDENDS .....	34
PRINCIPAL SECURITY HOLDERS .....	34
DIRECTORS AND OFFICERS .....	35
STOCK OPTIONS.....	40
RESULTING ISSUER OPTION PLAN .....	41
EXECUTIVE COMPENSATION .....	42
INDEBTEDNESS OF DIRECTORS AND OFFICERS .....	43
ESCROWED SECURITIES .....	43

<b>AUDITORS .....</b>	<b>45</b>
<b>REGISTRAR AND TRANSFER AGENT .....</b>	<b>45</b>
<b>PART V - GENERAL MATTERS.....</b>	<b>46</b>
<b>AGENTS.....</b>	<b>46</b>
<b>INTERESTS OF EXPERTS .....</b>	<b>46</b>
<b>PART VI - FINANCIAL STATEMENT AND MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	
<b>REQUIREMENTS .....</b>	<b>47</b>
<b>CERTIFICATE OF POCML 4 INC.....</b>	<b>C-1</b>
<b>CERTIFICATE OF MEDIPHARM LABS INC. ....</b>	<b>C-2</b>
<b>ACKNOWLEDGEMENT OF PERSONAL INFORMATION.....</b>	<b>C-3</b>
<b>SCHEDULE "A" FINANCIAL STATEMENTS OF POCML4 .....</b>	<b>A-1</b>
<b>SCHEDULE "B" FINANCIAL STATEMENTS OF MEDIPHARM.....</b>	<b>B-1</b>
<b>SCHEDULE "C" PRO-FORMA CONSOLIDATED STATEMENTS FOR THE RESULTING ISSUER... </b>	<b>C-1</b>
<b>SCHEDULE "D" MANAGEMENT'S DISCUSSION AND ANALYSIS FOR POCML4.....</b>	<b>D-1</b>
<b>SCHEDULE "E" MANAGEMENT'S DISCUSSION AND ANALYSIS FOR MEDIPHARM.....</b>	<b>E-1</b>

## **NOTE TO UNITED STATES SHAREHOLDERS**

The transactions contemplated herein are being undertaken by Canadian issuers in accordance with Canadian corporate and securities laws. Shareholders should be aware that disclosure requirements under such Canadian laws are different from requirements under United States corporate and securities laws relating to issuers organized under United States laws, and this Filing Statement has not been filed with or approved by the United States Securities and Exchange Commission or the securities regulatory authority of any state within the United States. Likewise, information concerning the operations of each of MediPharm Labs Inc. (“**MediPharm**”) and POCML 4 Inc. (“**POCML4**”) has been prepared in accordance with Canadian standards, and may not be comparable to similar information for issuers organized in the United States.

The consolidated financial statements of MediPharm and POCML4 and the *pro forma* consolidated financial statements of the Resulting Issuer included in this Filing Statement have been prepared in accordance with international financial reporting standards in Canada, and are subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements prepared in accordance with United States generally accepted accounting principles. Completion of the transactions described herein may have tax consequences under the laws of both the United States and Canada, and any such tax consequences under the laws of the United States are not described in this Filing Statement. U.S. shareholders of MediPharm or POCML4 are advised to consult their tax advisors to determine any particular tax consequences to them of the transactions to be effected in connection with the Transaction.

THE POCML4 POST-CONSOLIDATION SHARES (AS DEFINED HEREIN) TO BE EXCHANGED PURSUANT TO THE AMALGAMATION HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND SUCH SECURITIES ARE BEING ISSUED IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION UNDER APPLICABLE UNITED STATES FEDERAL AND STATE SECURITIES LAWS. AS A RESULT, POCML4 POST-CONSOLIDATION SHARES ISSUED TO U.S. SHAREHOLDERS MAY BE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER UNDER APPLICABLE U.S. FEDERAL AND STATE SECURITIES LAWS.

UNITED STATES SHAREHOLDERS OF MEDIPHARM OR POCML4 SHOULD CONSULT THEIR OWN TAX, LEGAL AND FINANCIAL ADVISORS REGARDING THE PARTICULAR CONSEQUENCES TO THEM OF THE TRANSACTION.

All capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Glossary of Defined Terms in this Filing Statement.

## **FORWARD-LOOKING INFORMATION**

This Filing Statement contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or states that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of POCML4, MediPharm or the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information.

Examples of such statements include: (i) the intention to complete the Transaction, (ii) the description of the Resulting Issuer that assumes completion of the Transaction; and (iii) in respect of the Resulting Issuer and MediPharm, statements pertaining to MediPharm's proposed operations and method for funding thereof, expectations regarding the ability to raise capital and to be able to obtain and maintain all applicable licences and permits for MediPharm's operations, treatment under governmental regulatory regimes and tax laws, capital expenditure programs and the timing and method of financing thereof and future development plans and status of assets, future growth and performance.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this Filing Statement. Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of POCML4 and MediPharm to complete the Transaction, satisfy conditions under the Master Agreement, satisfy the requirements of the TSXV such that it will issue the Final Exchange Bulletin, obtain necessary financing, successfully integrate POCML4 and MediPharm and manage risks; the economy generally; and current and future stock prices, results of operations, availability of permits and licences, market conditions, the regulatory and foreign environment, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, fluctuations in foreign currency exchange rates, business prospects and opportunities, transportation delays, accidents, labour disputes and other risks of the marijuana industry, political developments, arbitrary changes in law, delays in obtaining governmental approvals and anticipated and unanticipated costs. The factors identified above are not intended to represent a complete list of the factors that could affect POCML4, the Resulting Issuer or MediPharm. Additional risk factors are noted under the heading "*Resulting Issuer Risk Factors*".

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this Filing Statement. These risk factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this Filing Statement. All subsequent forward-looking information attributable to POCML4, the Resulting Issuer or MediPharm herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. POCML4, the Resulting Issuer and MediPharm do not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this Filing Statement or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

## GLOSSARY OF DEFINED TERMS

In this Filing Statement, the following capitalized words and terms shall have the meanings indicated. Terms and abbreviations used in the financial statements of POCML4, MediPharm and the Resulting Issuer in the schedules to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated:

ACMPR:	<i>Access to Cannabis for Medical Purposes Regulations</i> (Canada) issued pursuant to the <i>Controlled Drugs and Substances Act</i> (Canada), each as amended from time to time.
Affiliate:	A company is an “Affiliate” with another company if: (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is “controlled” by a Person if: (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company. A person beneficially owns securities that are beneficially owned by: (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.
Agency Agreement:	The agency agreement dated June 29, 2018 among MediPharm, POCML4 and the Agents entered into with respect to the Private Placement.
Agents:	Collectively, Canaccord Genuity Corp. and PowerOne Capital Markets Limited, as agents in the Private Placement.
Amalco:	The corporation resulting from the Amalgamation, which shall be a wholly-owned subsidiary of the Resulting Issuer.
Amalgamation:	The amalgamation of MediPharm and Newco to form Amalco pursuant to Section 174 of the OBCA, which shall result in the indirect acquisition by POCML4 of all of the issued and outstanding securities of MediPharm.
Associate:	When used to indicate a relationship with a Person, means (i) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer, (ii) any partner of the Person, (iii) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity, or (iv) in the case of a person, relative of that person, including (A) that person’s spouse or child, or (B) any relative of the person or of his spouse who has the same residence as that person; but (C) where the TSXV determines that two persons shall, or shall not, be deemed to be associates with respect to a member firm, member corporation or holding company of a member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that member firm, member corporation or holding company.
Business Day:	Any day excepting a Saturday or Sunday or a day recognized as a holiday in Toronto, Ontario, or a day on which banks in Toronto are not open for business.

Companies:	MediPharm, POCML4 and Newco, as applicable.
Completion of the Qualifying Transaction:	The date the Final Exchange Bulletin is issued by the TSXV.
Consolidation:	The consolidation of the POCML4 Shares on the basis of one “new” POCML4 Post-Consolidation Share for each two “old” POCML4 Shares then outstanding.
Control Person:	<p>Any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.</p> <p>A corporation:</p> <p>(a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and</p> <p>(b) in regard to which the Completion of the Qualifying Transaction has not yet occurred.</p>
CPC:	
CPC Policy	TSXV Policy 2.4 <i>Capital Pool Companies</i> .
Depository:	TSX Trust Company, which will act as the depository for the exchange of the MediPharm Shares for the POCML4 Post-Consolidation Shares in connection with the Amalgamation and as registrar and transfer agent of the Resulting Issuer.
Director:	The Director appointed under section 278 of the OBCA.
Director Elections:	The election of four directors to the POCML4 Board.
Effective Date:	The effective date of the Amalgamation as set forth in the certificate of amalgamation issued in respect of the Amalgamation by the Director appointed pursuant to the OBCA.
Escrow Agreement:	An escrow agreement to be entered into at the closing of the Transaction upon the terms and conditions imposed pursuant to the policies of the TSXV.
Exchange Ratio:	The number of POCML4 Post-Consolidation Shares, Resulting Issuer Options, Resulting Issuer Warrants, Resulting Issuer Replacement Warrants and Resulting Issuer Replacement Broker Warrants to be issued pursuant to the Amalgamation in exchange for each MediPharm Share, MediPharm Option, MediPharm Warrant, MediPharm Existing Warrant and MediPharm Broker Warrant, respectively, as outstanding immediately prior to the Effective Date, which number shall be 12.68.
Filing Statement:	This filing statement, together with all schedules attached hereto and including the summary hereof.

Final Exchange Bulletin:	The TSXV Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final TSXV acceptance of the Qualifying Transaction.
Governmental Authority:	Any foreign, national, provincial, local or state government, any political subdivision or any governmental, judicial, public or statutory instrumentality, court, tribunal, agency (including those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or person or entity in question including, without limitation, the TSXV.
IFRS:	International Financial Reporting Standards.
Insider:	When used in relation to an issuer, means (i) a director or senior officer of the issuer; (ii) a director or senior officer of the company that is an Insider or subsidiary of the issuer; (iii) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or (iv) the issuer itself if it holds any of its own securities.
Master Agreement:	The Master Agreement dated as of July 13, 2018 among MediPharm, POCML4 and Newco governing the terms and conditions of the Transaction.
MediPharm:	MediPharm Labs Inc., a corporation existing under the OBCA.
MediPharm Australia:	MediPharm Labs Australia Pty. Ltd., a company registered under the <i>Corporations Act 2001</i> (Australia).
MediPharm Board:	The board of directors of MediPharm.
MediPharm Broker Warrants:	The broker warrants of MediPharm issued in connection with the Private Placement, each entitling the holder to acquire one MediPharm Unit at an exercise price of \$10.778 until the date which is 24 months following completion of the Amalgamation.
MediPharm Disclosed Information:	All information disclosed orally or in writing to POCML4 (or its representatives) by MediPharm in connection with POCML4's due diligence review process, which for greater certainty includes documents located in the virtual data room hosted by ShareFile.
MediPharm Existing Broker Warrants:	The broker warrants of MediPharm, each entitling the holder to acquire one MediPharm Share and one MediPharm Existing Warrant, at an exercise price of \$3.72 until the date that is 24 months following completion of the Amalgamation.
MediPharm Existing Warrants:	The share purchase warrants of MediPharm, each entitling the holder to acquire one MediPharm Share at an exercise price of \$6.00 per share until the date that is 24 months following completion of the Amalgamation.
MediPharm License	The oil production license issued by Health Canada to MediPharm on March 29, 2018 pursuant to the ACMPR, as renewed and amended by Health Canada from

time to time.

MediPharm Material Adverse Change:	Any change in the financial condition, operations, assets, liabilities, or business of MediPharm which is materially adverse to the business of MediPharm, other than a change: (i) which arises out of or in connection with (x) a matter that has been disclosed in writing to POCML4 or its representatives by MediPharm or its representatives prior to July 13, 2018, (y) the MediPharm Disclosed Information; (ii) resulting from conditions affecting the cannabis industry as a whole; (iii) resulting from the public announcement of the execution of the Master Agreement and the transaction contemplated therein; or (iv) resulting from general economic, financial, currency exchange, securities or commodity market conditions;
MediPharm Named Executives	Patrick McCutcheon, Keith Strachan, Christopher Hobbs, Warren Everitt, and Christopher Talpas
MediPharm Notes:	The \$1,315,000 aggregate principal amount of convertible notes of MediPharm as constituted on the date of this Filing Statement;
MediPharm Options:	Stock options of MediPharm exercisable for MediPharm Shares at a price of \$3.00 per share which have been granted and are outstanding as at the Effective Date.
MediPharm Shareholders:	At the relevant time, the holders of MediPharm Shares.
MediPharm Shares:	The Class A common shares in the capital of MediPharm, as constituted immediately prior to the Effective Date.
MediPharm Unit:	A unit consisting of one MediPharm Share and one-half of one MediPharm Warrant.
MediPharm Warrants:	The share purchase warrants of MediPharm comprising, in part, the MediPharm Units, each entitling the holder to acquire one MediPharm Share at an exercise price of \$15.216 until the date which is 24 months following completion of the Amalgamation.
Name Change:	The change of name of POCML4 from “POCML 4 Inc.” to “MediPharm Labs Corp.” or such other name as is determined by MediPharm and acceptable to the applicable Governmental Authorities and the TSXV.
Newco:	2645354 Ontario Inc., a corporation existing under the OBCA.
Newco Shares:	The common shares in the capital of Newco, as constituted immediately prior to the Effective Date.
Non-Arm’s Length Party:	In relation to a company, a promoter, officer, director, other Insider or control person of that company and any Associates or Affiliates of any of such Persons and, in relation to an individual, any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or control person.
Non-Arm’s Length	A proposed Qualifying Transaction where the same party or parties or their

Qualifying Transaction:	respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.
OBCA:	<i>Business Corporations Act</i> (Ontario), as amended from time to time.
Person:	A company or individual.
POCML4:	POCML 4 Inc., a corporation existing under the OBCA.
POCML4 Board:	The board of directors of POCML4.
POCML4 Broker Warrants:	Broker warrants of POCML4, each entitling the holder thereof to acquire one POCML4 Share at an exercise price of \$0.10 per share (on a pre-Consolidation basis) until February 9, 2020.
POCML4 Disclosed Information:	All information (i) disclosed orally or in writing to MediPharm (or its representatives) by POCML4 in connection with MediPharm's due diligence review process; or (ii) otherwise made available to MediPharm (or its representatives) including by way of public disclosure by POCML4.
POCML4 Material Adverse Change:	Any change in the financial condition, operations, assets, liabilities, or business of POCML4 which is materially adverse to the business of POCML4, other than a change: (i) which arises out of or in connection with (x) a matter that has been publicly disclosed or otherwise disclosed in writing to MediPharm or its representatives by POCML4 or its representatives prior July 13, 2018 or (y) the POCML4 Disclosed Information; (ii) resulting from the public announcement of the execution of the Master Agreement and the transaction contemplated therein; or (iii) resulting from general economic, financial, currency exchange, securities or commodity market conditions.
POCML4 Meeting Matters:	Those matters to be approved at the annual and special meeting of the shareholders of POCML4, including: (i) a special resolution approving the Consolidation; (ii) a special resolution approving the Name Change; (iii) the Director Elections; (iv) the approval of the Resulting Issuer Option Plan; and (v) such other matters that may be required to be approved in order to give effect to the Amalgamation or as may be reasonably requested by MediPharm.
POCML4 Options:	Stock options to acquire POCML4 Shares or, following completion of the Transaction, POCML4 Post-Consolidation Shares, as the case may be.
POCML4 Post-Consolidation Shares:	The POCML4 Shares as constituted immediately following the Consolidation.
POCML4 Shareholders:	At the relevant time, holders of POCML4 Shares or POCML4 Post-Consolidation Shares, as applicable.
POCML4 Shares:	Common shares in the capital of POCML4 as constituted on the date of this Filing Statement (as calculated, for greater certainty, prior to the Consolidation).

Private Placement:	The private placement of 2,070,571 MediPharm Units by MediPharm at a price of \$10.778 per MediPharm Unit representing aggregate gross proceeds of approximately \$22,316,600 effected on June 1, 2018 and June 29, 2018.
Qualifying Transaction:	A transaction where a CPC acquires significant assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.
Regulatory Approval:	Any approval, consent, waiver, permit or exemption from any Government Authority having jurisdiction or authority over any party or the subsidiary of any party which is required or advisable to be obtained in order to permit the Amalgamation to be effected including, for greater certainty, the approval by the TSXV, and “Regulatory Approvals” means all such approvals, consents, waivers, permits, orders or exemptions.
Resulting Issuer:	The issuer that exists upon issuance of the Final Exchange Bulletin in respect of the Transaction.
Resulting Issuer Options:	The stock options of the Resulting Issuer to be issued to holders of MediPharm Options in connection with the Amalgamation based on the Exchange Ratio, each 12.68 Resulting Issuer Options to entitle the holder thereof to acquire 12.68 POCML4 Post-Consolidation Shares in lieu of one MediPharm Share at a proportionately adjusted exercise price, and otherwise bearing the same terms and conditions as the MediPharm Options.
Resulting Issuer Option Plan:	The stock option plan of the Resulting Issuer.
Resulting Issuer Replacement Broker Warrants:	The broker warrants of the Resulting Issuer to be issued to holders of MediPharm Existing Broker Warrants in connection with the Amalgamation based on the Exchange Ratio, each 12.68 Resulting Issuer Replacement Broker Warrants to entitle the holder thereof to acquire 12.68 POCML4 Post-Consolidation Shares and 12.68 Resulting Issuer Replacement Warrants in lieu of one MediPharm Share and one MediPharm Existing Warrant at an exercise price of \$0.29 until the date that is 24 months following completion of the Amalgamation.
Resulting Issuer Replacement Warrants:	The share purchase warrants of the Resulting Issuer to be issued to holders of MediPharm Existing Warrants in connection with the Amalgamation based on the Exchange Ratio, each 12.68 Resulting Issuer Replacement Warrants to entitle the holder thereof to acquire 12.68 POCML4 Post-Consolidation Shares in lieu of one MediPharm Share at an exercise price of \$0.47 until the date that is 24 months following completion of the Amalgamation.
Resulting Issuer Warrants:	The share purchase warrants of the Resulting Issuer to be issued to holders of MediPharm Warrants and upon exercise of the MediPharm Broker Warrants, each 12.68 of which shall entitle the holder to acquire 12.68 POCML4 Post-Consolidation Shares in lieu of one MediPharm Share at an exercise price of \$1.20 until the date that is 24 months following completion of the Amalgamation.
Shareholders	The unanimous shareholders agreement amongst MediPharm and certain other

Agreement:	named parties thereto dated January 26, 2015.
Significant Assets:	One or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions would result in the CPC meeting the initial listing requirements of the TSXV.
Transaction:	The Amalgamation, the Consolidation, the Name Change, collectively, all as contemplated by, and in accordance with the terms and conditions of, the Master Agreement.
TSX:	The Toronto Stock Exchange.
TSXV:	The TSX Venture Exchange.
U.S. Securities Act:	The United States Securities Act of 1933, as amended.
U.S. Shareholder:	A holder of MediPharm Shares resident in the United States.

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## **SUMMARY OF FILING STATEMENT**

*The following is a summary of information relating to POCML4, MediPharm and the Resulting Issuer (assuming the completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.*

Capitalized terms not otherwise defined in this Summary are defined in the Glossary of Defined Terms or elsewhere in the Filing Statement. This Summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere herein.

### **THE TRANSACTION**

#### **Summary**

On June 1 and 29, 2018, MediPharm completed the Private Placement pursuant to which it issued an aggregate of 2,070,571 MediPharm Units at a price of \$10.778 each to raise aggregate gross proceeds of approximately \$22,316,600. Each MediPharm Unit consists of one MediPharm Share and one-half of one MediPharm Warrant, with each whole MediPharm Warrant entitling the holder to acquire one MediPharm Share at an exercise price of \$15.216 until the date which is 24 months following completion of the Amalgamation.

A portion of the Private Placement was completed on a brokered basis by the Agents, who received an aggregate cash fee of \$1,282,161 and an aggregate of 118,960 MediPharm Broker Warrants in consideration for their services, each entitling the holder to acquire one MediPharm Unit at an exercise price of \$10.778 until the date which is 24 months following completion of the Amalgamation.

MediPharm must obtain the requisite approval of the Amalgamation from the MediPharm Shareholders. POCML4 must also obtain the requisite approval of the Consolidation, Name Change and Director Elections from the POCML4 Shareholders. In the event the foregoing approvals are obtained, on the Effective Date, the following matters are anticipated to be effected in connection with the Transaction:

1. POCML4 shall effect the Name Change and the Consolidation on the basis of one “new” POCML4 Post-Consolidation Share for each two “old” POCML4 Shares then outstanding;
2. Articles of Amalgamation shall be filed pursuant to which:
  - (a) each issued and outstanding MediPharm Share (including any such MediPharm Shares issued upon conversion of the MediPharm Notes which shall be converted immediately prior to the Amalgamation) shall be converted into that number of POCML4 Post-Consolidation Shares determined in accordance with the Exchange Ratio, and all such MediPharm Shares shall be cancelled;
  - (b) the issued and outstanding MediPharm Options will be exchanged for Resulting Issuer Options, based upon the Exchange Ratio, and 5,889,606 POCML4 Post-Consolidation Shares shall be reserved for issuance upon exercise of such issued and outstanding Resulting Issuer Options;
  - (c) the issued and outstanding MediPharm Existing Broker Warrants will be exchanged for Resulting Issuer Replacement Broker Warrants, based upon the Exchange Ratio, and: (i) an aggregate of up to 596,505 POCML4 Post-Consolidation Shares shall be reserved for

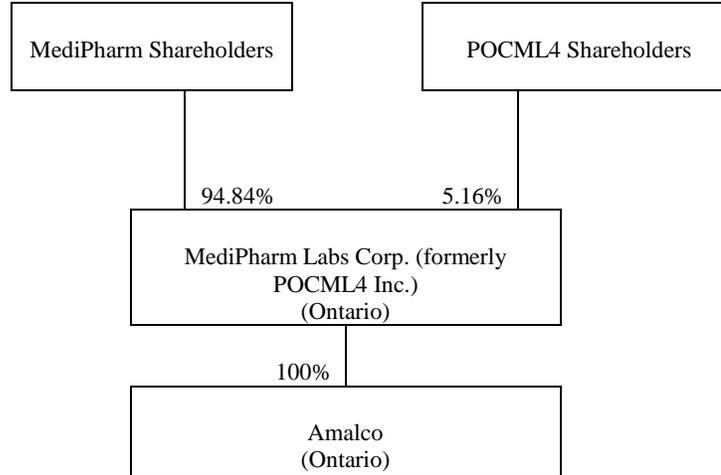
issuance upon exercise of the such Resulting Issuer Replacement Broker Warrants; and (ii) an aggregate of up to 596,505 POCML4 Post-Consolidation Shares shall be reserved for issuance upon exercise of the Resulting Issuer Replacement Warrants underlying such Resulting Issuer Replacement Broker Warrants;

- (d) the issued and outstanding MediPharm Existing Warrants will be exchanged for Resulting Issuer Replacement Warrants, based upon the Exchange Ratio, and an aggregate of up to 10,102,270 POCML4 Post-Consolidation Shares shall be reserved for issuance upon exercise of such Resulting Issuer Replacement Warrants;
  - (e) the issued and outstanding MediPharm Warrants will be exchanged for Resulting Issuer Warrants, based upon the Exchange Ratio, and an aggregate of up to 13,127,111 POCML4 Post-Consolidation Shares shall be reserved for issuance upon exercise of such Resulting Issuer Warrants;
  - (f) the issued and outstanding MediPharm Broker Warrants shall, by their terms, become exercisable to acquire up to 1,508,412 POCML4 Post-Consolidation Shares and 754,206 Resulting Issuer Warrants in lieu of MediPharm Units, and POCML4 shall reserve such POCML4 Post-Consolidation Shares and the POCML4 Post-Consolidation Shares underlying such Resulting Issuer Warrants for issuance;
  - (g) the POCML4 Broker Warrants and POCML4 Options shall remain outstanding in accordance with their terms, subject to adjustment in number and exercise price after giving effect to the Consolidation;
  - (h) in consideration of the Resulting Issuer issuing the POCML4 Post-Consolidation Shares as provided for above, Amalco shall allot and issue to the Resulting Issuer one fully paid and non-assessable common share of Amalco for each POCML4 Post-Consolidation Share so issued; and
  - (i) POCML4 will receive one common share of Amalco for each one Newco Share held and the Newco Shares will be cancelled;
3. The POCML Board shall be reconstituted to consist of five (5) directors, four of which shall be nominees of MediPharm, which shall be Patrick McCutcheon, Keith Strachan, Christopher Hobbs and Miriam McDonald, and one of which shall be a nominee of POCML4, which shall be Marufur Raza all subject to the receipt of all applicable regulatory approvals and all in a manner that complies with the regulations of the TSXV and applicable securities laws; and
4. The management of POCML4 shall be reconstituted to be comprised of nominees of MediPharm, which shall be Patrick James McCutcheon – President and Chief Executive Officer, Keith Strachan – Vice President, Business Development and Christopher Hobbs – Chief Financial Officer, subject to the receipt of all applicable regulatory approvals and all in a manner that complies with the regulations of the TSXV and applicable securities laws.

### **Effect of the Amalgamation**

The effect of the Amalgamation is that: (i) MediPharm and Newco will amalgamate to form Amalco which will continue as a wholly-owned subsidiary of POCML4, as a result of which all of the property and assets of MediPharm will become indirectly held by POCML4; and (ii) existing shareholders of MediPharm will continue to hold an indirect interest in the property and assets of MediPharm through the

POCML4 Post-Consolidation Shares which they receive pursuant to the Amalgamation. The Amalgamation does not change any of the assets, properties, rights, liabilities, obligations, business or operations of any of POCML4, Newco or MediPharm on a consolidated basis. A corporate organizational chart reflecting the proposed structure of POCML4 after giving effect to the above-noted matters is set forth below:



Upon completion of the Transaction and assuming: (i) an aggregate of 91,845,791 POCML4 Post-Consolidation Shares are issued in consideration for all MediPharm Shares acquired by POCML4 pursuant to the Transaction (including MediPharm Shares issued on conversion of the MediPharm Notes immediately prior to the Effective Time, which is assumed for the purposes of this Filing Statement to take place on September 15, 2018); (ii) there are 5,000,000 POCML4 Post-Consolidation Shares issued and outstanding immediately prior to the Amalgamation; (iii) there are an aggregate of 464,480 MediPharm Options, 796,709 MediPharm Existing Warrants, 47,043 MediPharm Existing Broker Warrants, 1,035,261 MediPharm Warrants and 118,960 MediPharm Broker Warrants, and no other convertible securities of MediPharm, outstanding immediately prior to the closing of the Transaction and following conversion of the MediPharm Notes; and (v) there are an aggregate of 570,000 POCML4 Post-Consolidation Shares issuable upon the exercise of POCML4 Options and POCML4 Broker Warrants outstanding immediately following the completion of the Consolidation and prior to the Amalgamation, there are expected to be an aggregate of 96,845,791 POCML4 Post-Consolidation issued and outstanding, and 129,990,407 POCML4 Post-Consolidation Shares outstanding on a fully diluted basis. The following table summarizes the distribution of POCML4 Post-Consolidation Shares following the completion of the Transaction based upon the foregoing assumptions:

Shareholders	Number of POCML4 Post-Consolidation Shares	Percentage of Resulting Issuer on a Pro Forma Basis
POCML4 Shareholders	5,000,000	5.16%
MediPharm Shareholders	91,845,791	94.84%

See “Part II: Information Concerning MediPharm - The Transaction”.

## **The Companies**

POCML4 was incorporated under the OBCA on January 23, 2017. POCML4 is a “capital pool company” within the meaning of the regulations of the TSXV. For additional information, see “*Part I- Information Concerning POCML4 – General Development of the Business*”. The POCML4 Shares are listed on the TSXV under the symbol “POCM.P”. The closing price of the POCML4 Shares on the TSXV on May 14, 2018, the last day upon which trading of the POCML4 Shares occurred prior to the halt of such shares in connection with the announcement of the Transaction, was \$0.50.

POCML4’s registered and head office is located at 130 King Street West, Suite 2210, Toronto, Ontario, M5X 1E4. See “POCML4”.

Newco was incorporated under the OBCA on July 12, 2018 as a wholly owned subsidiary of POCML4, for the sole purpose of effecting the Amalgamation. The registered and head office of Newco is located at 2100-40 King Street West, Toronto, Ontario M5H 3C2. See “The Transaction – Principal Steps of the Transaction”.

MediPharm was incorporated under the OBCA on January 26, 2015 as 2451429 Ontario Inc. On April 14, 2016, MediPharm filed articles of amendment to change its name to MediPharm Labs Inc. MediPharm received its oil production licence pursuant to the ACMPR on March 29, 2018. See “*Part II – Information Concerning MediPharm – General Development of the Business*”. No securities of MediPharm are currently publicly traded on any stock exchange, and MediPharm is not a reporting issuer in any jurisdiction. The registered and head office of MediPharm is located at 151 John Street, Barrie, Ontario, L4N 2L1.

## **PRO FORMA CONSOLIDATED CAPITALIZATION**

The following table sets forth the capitalization of the Resulting Issuer as at September 15, 2018, assuming completion of the Transaction, based upon the pro forma consolidated financial statements of the Resulting Issuer attached to this Filing Statement as Schedule “C”. See also “*Part IV: Information Concerning The Resulting Issuer – Escrowed Securities*” below.

<b>Designation of Security</b>	<b>Amount Authorized or to be Authorized</b>	<b>Amount outstanding after giving effect to the Transaction <sup>(1)</sup></b>
POCML4 Post-Consolidation Shares	Unlimited	96,845,791
Resulting Issuer Options/POCML4 Options <sup>(2)</sup>	N/A	6,389,606
POCML4 Broker Warrants <sup>(3)</sup>	N/A	70,000
Resulting Issuer Warrants <sup>(4)</sup>	N/A	13,127,111
Resulting Issuer Replacement Broker Warrants <sup>(5)</sup>	N/A	596,505
Resulting Issuer Replacement Warrants <sup>(6)</sup>	N/A	10,102,270
MediPharm Broker Warrants <sup>(7)</sup>	N/A	1,508,413

(1) Calculations are based upon the following assumptions: (i) an aggregate of 91,845,791 Post-Consolidation Shares are issued in consideration for all MediPharm Shares acquired by POCML4 pursuant to the Transaction (including MediPharm Shares issued on conversion of the MediPharm Notes immediately prior to the Effective Time, which is assumed for the purposes of this Filing Statement to take place on September 15, 2018); (ii) there are 5,000,000 POCML4 Post-Consolidation Shares issued and outstanding immediately prior to the

Amalgamation; (iii) there are an aggregate of 464,480 MediPharm Options, 796,709 MediPharm Existing Warrants, 47,043 MediPharm Existing Broker Warrants, 1,035,261 MediPharm Warrants and 118,960 MediPharm Broker Warrants, and no other convertible securities of MediPharm, outstanding immediately prior to the closing of the Transaction and following conversion of the MediPharm Notes; and (v) there are an aggregate of 570,000 POCML4 Post-Consolidation Shares issuable upon the exercise of POCML4 Options and POCML4 Broker Warrants outstanding immediately following the completion of the Consolidation and prior to the Amalgamation.

(2) Includes (i) 5,889,606 Resulting Issuer Options, each entitling the holder to acquire one POCML4 Post-Consolidation Share at an exercise price of \$0.2366 and (ii) 500,000 POCML4 Options, each entitling the holder to acquire one POCML4 Post-Consolidation Share at a price of \$0.20.

(3) Each POCML4 Broker Warrant to entitle the holder to acquire one POCML4 Post-Consolidation Share at a price of \$0.20 per share (on a post-Consolidation basis) until February 9, 2020.

(4) Each Resulting Issuer Warrant to entitle the holder to acquire one POCML Post-Consolidation Share at a price of \$1.20 until the date that is 24 months following the completion of the Amalgamation.

(5) Each Resulting Issuer Replacement Broker Warrant to entitle the holder to acquire one POCML Post-Consolidation Share and one Resulting Issuer Replacement Warrant at an exercise price of \$0.47 until the date that is 24 months following the completion of the Amalgamation.

(6) Each Resulting Issuer Replacement Warrant to entitle the holder thereof to acquire one POCML4 Post-Consolidation at a price of \$0.47 per one POCML4 Post-Consolidation Share until the date that is 24 months following the completion of the Amalgamation.

(7) Each MediPharm Broker Warrant to entitle the holder to acquire one POCML4 Post-Consolidation Share and one-half of one Resulting Issuer Warrant at an exercise price of \$0.85 per one POCML4 Post-Consolidation Share and one-half of one Resulting Issuer Warrant, until the date which is 24 months following the completion of the Amalgamation

## RESULTING ISSUER UNAUDITED PRO FORMA CONSOLIDATED SUMMARY FINANCIAL INFORMATION

The following table sets out selected unaudited pro forma consolidated financial information for the Resulting Issuer, assuming completion of the Amalgamation, as of June 30, 2018 and for the six month period then ended (reflecting the pro-forma consolidation of each of the Companies as at such dates), and should be considered in conjunction with the more complete information contained in the unaudited pro forma consolidated financial statements of the Resulting Issuer attached as Schedule “C” to this Filing Statement. Unless otherwise indicated, all currency amounts are stated in Canadian dollars.

<b>Balance Sheet Data:</b>	<b>As of June 30, 2018<sup>(1)</sup></b>
Current Assets	25,885,421
Total Assets	30,768,755
Current Liabilities	\$4,981,119
Shareholders' Equity	\$25,822,855
Deficit	(\$8,792,663)

(1) Amounts presented reflect pro forma adjustments as further detailed in Note 3 to the unaudited pro forma consolidated financial statements of the Resulting Issuer attached as Schedule “C” to this Filing Statement, to which reference should be made for a complete summary of all assumptions underlying these amounts.

## MEDI PHARM SELECTED FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for MediPharm for the periods indicated and should be considered in conjunction with the more complete information contained in the consolidated financial statements of MediPharm attached as Schedule “B” to this Filing Statement.

Unless otherwise indicated, all currency amounts relating to the financial statements of MediPharm are stated in Canadian dollars.

<b>MediPharm</b>			
<b>Consolidated Statement of Operations and, Comprehensive Loss:</b>	<b>Year Ended December 31, 2016<sup>(1)</sup></b>	<b>Year Ended December 31, 2017<sup>(1)</sup></b>	<b>Six Month Period Ended June 30, 2018<sup>(2)</sup></b>
Revenues	\$nil	\$nil	\$nil
Cost of goods sold	\$nil	\$nil	\$nil
Total operating and other expenses	\$133,936	\$995,073	\$2,950,505
Net loss and comprehensive loss	(\$133,936)	(\$995,337)	(\$2,952,890)
<b>Balance Sheet Data:</b>	<b>As at December 31, 2016<sup>(1)</sup></b>	<b>As at December 31, 2017<sup>(1)</sup></b>	<b>As at June 30, 2018<sup>(2)</sup></b>
Total Assets	\$262,185	\$5,393,142	\$25,876,432
Total Liabilities	\$46,726	\$2,524,334	\$4,968,541
Shareholder's Equity	\$215,459	\$2,873,418	\$25,826,444

(1) Audited

(2) Unaudited

#### **POCML4 SELECTED FINANCIAL INFORMATION**

The following tables set out selected consolidated financial information for POCML4 for the periods indicated and should be considered in conjunction with the more complete information contained in the consolidated financial statements of POCML4 attached as Schedule "A" to this Filing Statement. All currency amounts are stated in Canadian dollars.

<b>Statements of Loss Data:</b>	<b>Period from Incorporation (January 23, 2017) to September 30, 2017<sup>(1)</sup></b>	<b>Nine Month Period Ended June 30, 2018<sup>(2)</sup></b>
Total Expenses	\$nil	\$107,754
Net Loss	\$nil	(\$107,754)
<b>Balance Sheet Data:</b>	<b>As at September 30, 2017<sup>(1)</sup></b>	<b>As at June 30, 2018<sup>(2)</sup></b>
Total Assets	400,000	(\$508,989)

<b>Statements of Loss Data:</b>	<b>Period from Incorporation (January 23, 2017) to September 30, 2017<sup>(1)</sup></b>	<b>Nine Month Period Ended June 30, 2018<sup>(2)</sup></b>
Total Liabilities	-	(\$12,578)
Shareholders' Equity	400,000	\$496,411

(1) Audited

(2) Unaudited

#### **AVAILABLE FUNDS AND PRINCIPAL PURPOSES**

Assuming that the expenses of the Transaction are \$500,000, following the Transaction, the Resulting Issuer expects to have funds available as set forth below, based upon the current financial position of each of POCML4 and MediPharm:

<b>Source</b>	<b>Amount</b>
Estimated working capital of POCML4 as of June 30, 2018	\$496,411 <sup>(1)</sup>
Estimated working capital of MediPharm as of June 30, 2018	\$20,907,891
Less estimated expenses of the Transaction	(\$500,000)
<b>Total available funds</b>	<b>\$20,904,302</b>

(1) Excludes certain expenses of the Transaction, which have been captured below.

(2) Includes the net proceeds from the Private Placement.

The primary purposes of the Transaction are to obtain additional equity capital, create a public market for the MediPharm Shares, provide additional working capital in order to execute on the Resulting Issuer's future business strategies and facilitate future access by the Resulting Issuer to financing opportunities. The principal purposes for which the available funds of the Resulting Issuer as set forth above are expected to be used during the twelve-month period following the Transaction are described below:

<b>Estimated Use of Funds</b>	<b>Amount</b>
Completion of facility expansion	\$ 2,000,000
Continued Licensing	\$ 150,000
Marketing	\$ 350,000
Capital Equipment	\$ 2,400,000
Extraction Line	\$ 2,400,000
Building Purchase	\$ 2,650,000
Australia Expansion	\$ 1,250,000
Joint Venture Funding and Brand Licenses	\$ 1,250,000
Manitoba Retail (Phase 1)	\$ 200,000
Supply (Dry Cannabis)	\$ 6,000,000
Operating Capital	\$ 2,254,302
Total	\$ 20,904,302

See “*Part IV: Information Concerning The Resulting Issuer – Available Funds*”.

Based on current projections, the Resulting Issuer’s working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 12 months commencing immediately after the completion of the Transaction.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management of POCML4 and MediPharm consider it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See “*Forward-Looking Information*”.

## **BUSINESS OBJECTIVES**

Pursuant to the Transaction, POCML4 and MediPharm will complete a reverse takeover of POCML4. Set forth below is a summary of the business currently carried on by each of POCML4 and MediPharm. The business of the Resulting Issuer upon the completion of the Transaction will be that of MediPharm.

## **POCML4**

POCML4 is a “capital pool company” within the meaning of the regulations of the TSXV. Accordingly, the principal business of POCML4 has been the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. POCML4 has not commenced commercial operations and has no assets other than cash.

See “*Part I: Information Concerning POCML4 – General Development of the Business*”.

## **MediPharm**

Founded in 2015, MediPharm is a pioneer in the cannabis industry and has the distinction of being the first company in Canada to become a licensed producer of cannabis oil production under the ACMPR without first receiving a cannabis cultivation licence. This expert focus on cannabis concentrates from MediPharm’s cGMP (current Good Manufacturing Practices) and ISO standard clean rooms and critical environments laboratory, allows MediPharm to work with its established, Health Canada-approved cultivation partners to produce pharmaceutical-grade cannabis oil with a competitive advantage. MediPharm is research-driven and focused on downstream secondary extraction methodology, distillation, and cannabinoid isolation and purification. MediPharm provides business-to-business contract processing of cannabis to Canadian authorized licensed producers and appropriate international growers, supplying integrity-assured cannabis oil to qualified companies for sale under their own brands. In addition, MediPharm will supply raw materials, formulations, processing and packaging for the creation of ready-to-sell advanced derivative products. Through its subsidiary, MediPharm Australia, MediPharm has also completed its application process with the Australian federal Office of Drug Control to extract medical cannabis products in Australia.

See “*Part II: Information Concerning MediPharm - Narrative Description of the Business*”.

## **INTERESTS OF INSIDERS**

The following table sets forth the number and percentage of POCML4 Post-Consolidation Shares which are expected to be beneficially owned, controlled or directed by the proposed principals of the Resulting Issuer immediately following the Transaction, as well as the securities of each of MediPharm and POCML4 beneficially owned, controlled or directed by such persons as of the date of this Filing Statement:

<b>Name and proposed position with POCML4 following the Transaction</b>	<b>Number and Percentage of MediPharm Shares held as of September 15, 2018<sup>(1)(2)</sup></b>	<b>Number and Percentage of POCML4 Shares held as of September 15, 2018<sup>(1)(3)</sup></b>	<b>Number and percentage of POCML4 Post Consolidation Shares to be held following Transaction<sup>(4)(5)</sup></b>
Patrick McCutcheon, Director, President and CEO	600,000 and 8.9% \$100,000 principal of MediPharm Notes convertible into MediPharm Shares	Nil	8,062,164 and 8.3%
Keith Strachan, Director and Vice President, Business Development	500,000 and 7.4%	Nil	6,340,000 and 6.5%

<b>Name and proposed position with POCML4 following the Transaction</b>	<b>Number and Percentage of MediPharm Shares held as of September 15, 2018<sup>(1)(2)</sup></b>	<b>Number and Percentage of POCML4 Shares held as of September 15, 2018<sup>(1)(3)</sup></b>	<b>Number and percentage of POCML4 Post Consolidation Shares to be held following Transaction<sup>(4)(5)</sup></b>
Christopher Hobbs, Director and Chief Financial Officer	Nil	Nil	Nil
Miriam McDonald, Director	6,667 and 0.1%	Nil	84,537 and 0.1%
Marufur Raza, Director	6,720 and 0.1%	Nil	85,210 and 0.1%
Sybil Taylor, Chief Marketing Officer	9,278 and 0.1%	Nil	117,645 and 0.1%
Michael Perron, Director of Global Business Development	1,392 and 0.0%	Nil	17,650 and 0.0%
Ahmed Shehata, General Counsel	250,000 and 3.7%	Nil	3,170,000 and 3.3%
Paul Hamelin, Director of Security	61,561 and 0.9%	Nil	780,594 and 0.8%
Christopher Talpas, Director of Quality Assurance	10,000 and 0.2%	Nil	126,800 and 0.1%
Warren Everitt, Director of MediPharm Australia	Nil	Nil	Nil

(1) The information as to the number and percentage of securities beneficially owned, controlled or directed, has been obtained from the persons listed individually.

(2) Based on 6,770,821 MediPharm Shares currently issued and outstanding.

(3) Based on 5,000,000 POCML4 Post-Consolidation Shares being issued and outstanding immediately prior to the Amalgamation.

(4) Calculated based upon the securities of each of MediPharm and POCML4 beneficially owned, controlled or directed by such persons reported as of the date of this Filing Statement, after giving effect to the Transaction as contemplated in this Filing Statement. See also "Part IV: Information Concerning the Resulting Issuer – Escrowed Securities".

(5) Based on 96,845,791 POCML4 Post-Consolidation Shares being issued and outstanding on closing of the Transaction.

## **CONFLICTS OF INTEREST**

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the completion of the Transaction are also directors and/or officers of other reporting and non-reporting issuers. As of the date of this Filing Statement and to the knowledge of the directors and officers of POCML4 and MediPharm, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers of the Resulting Issuer following the completion of the Transaction.

## **ARM'S LENGTH TRANSACTION**

The Transaction is not a Non-Arm's Length Qualifying Transaction.

## **SHAREHOLDER APPROVALS**

The Amalgamation is subject to approval of the shareholders of each of Newco and MediPharm, which approvals are a condition to closing the Transaction. This Filing Statement is filed in connection with the requirements of the policies of the TSXV.

The Consolidation, Name Change and Director Elections must also be approved by the shareholders of POCML4 in connection with the Transaction.

## **CONDITIONS TO THE AMALGAMATION**

The obligations of the parties to complete the Transaction, as contemplated by the Master Agreement, are subject to the satisfaction, on or before the Effective Date, of a number of specified conditions, including:

1. the approval of the Consolidation and Name Change by the requisite percentage of POCML4 Shareholders;
2. the approval of the Transaction by the requisite percentage of MediPharm Shareholders; and
3. conditional approval of the TSXV with respect to the Transaction and the listing of the POCML4 Post-Consolidation Shares.

The Master Agreement also provides that it may be terminated in certain circumstances by the POCML4 Board or MediPharm Board before the Effective Date. See "*Part II: Information Concerning MediPharm - The Transaction - Effective Date and Conditions*".

## **AGENTS**

PowerOne Capital Markets Ltd. ("**PowerOne**") and Canaccord Genuity Corp. ("**Canaccord**") acted as co-lead agents for the brokered portion of the Private Placement pursuant to the terms of the Agency Agreement. POCML4 may be considered to be a related or connected issuer of PowerOne as a result of the following: (i) officers and directors of PowerOne are also serving as officers and/or directors of POCML4; and (ii) an officer and director of PowerOne is also a controlling shareholder of POCML4. The terms of the Private Placement were determined by MediPharm as agreed to by the Agents, and no proceeds from the Private Placement will be specifically applied for the benefit of PowerOne or Canaccord other than an aggregate cash commission in the amount of \$1,282,161.

## **INTERESTS OF EXPERTS AND OTHERS**

Audit reports described or included in this Filing Statement were prepared by MNP LLP in respect of the financial statements of POCML4 for the fiscal period from the date of incorporation of POCML4 (January 23, 2017) to September 30, 2017. MNP LLP does not beneficially own, directly or indirectly, any securities of, nor does it have any interest in the property of, either of POCML4 or MediPharm.

Audit reports described or included in this Filing Statement were prepared by Dale Matheson Carr-Hilton Labonte LLP in respect of the financial statements of MediPharm for the fiscal years ended December 31, 2016 and 2017. Dale Matheson Carr-Hilton Labonte LLP does not beneficially own, directly or

indirectly, any securities of, nor does it have any interest in the property of, either of POCML4 or MediPharm.

Moreover, none of the foregoing persons or any of their respective directors, officers or employees is, or expects to be, elected, appointed or employed as a director, officer or employee of the Resulting Issuer or its Associates or Affiliates.

#### **CONDITIONAL APPROVALS OF THE TSXV**

The TSXV has conditionally accepted the Transaction subject to POCML4 fulfilling all of the requirements of the TSXV on or before November 20, 2018.

#### **RISK FACTORS**

**AN INVESTMENT IN SECURITIES OF POCML4 AND, FOLLOWING THE COMPLETION OF THE TRANSACTION, THE RESULTING ISSUER, IS HIGHLY SPECULATIVE, AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.**

An investment in POCML4 and/or the Resulting Issuer involves a significant degree of risk, including risks related to receiving regulatory approvals, permits and licences; potential changes in government regulation; the requirement to comply with environmental regulation; adequate insurance coverage; public perception of the marijuana industry; cash flow and liquidity; the ongoing need for financing; a volatile stock price; potential conflicts of interest; dependence on cash flows of subsidiaries, attracting and retaining key personnel and dependence on certain key executives; competition; transportation disruptions; fluctuation of interest and exchange rates; changes in global financial conditions generally; product liability; product recalls; potential operational risks and costs; and the substantial dilution to the voting power of the POCML4 Shareholders and the potential substantial dilution to the price of the POCML4 Post-Consolidation Shares. POCML4 Shareholders should consider that POCML4 may not realize the anticipated benefits of the Transaction. For a comprehensive discussion of the risk factors relating to the Resulting Issuer, see “*Resulting Issuer Risk Factors*”.

#### **RESULTING ISSUER RISK FACTORS**

*Where used in this “Risk Factors” section, “MediPharm” refers to either MediPharm or the Resulting Issuer as the context may require. The current business of MediPharm will be the business of the Resulting Issuer upon Completion of the Qualifying Transaction. Accordingly, risk factors relating to MediPharm’s current business will be risk factors relating to the Resulting Issuer’s business and references to MediPharm in these risk factors should, where the context requires, be read to include the risks of the Resulting Issuer. Due to the nature of MediPharm’s business, the legal and economic climate in which it operates and its present stage of development, MediPharm is subject to significant risks. The risks presented below should not be considered to be exhaustive and may not be all of the risks that the Resulting Issuer and MediPharm may face. MediPharm’s future development and operating results may be very different from those expected as at the date of this Filing Statement. Additional risks and uncertainties not presently known to MediPharm or that MediPharm currently considers immaterial may also impair the business and operations of the Resulting Issuer and cause the trading price of the POCML4 Post-Consolidation Shares to decline. If any of the following or other risks occur, the Resulting Issuer’s business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the POCML4 Post-Consolidation Shares could decline and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other*

*unforeseen risks. Readers should carefully consider each of, and the cumulative effect of, all such risks and other information elsewhere in this Filing Statement before making an investment in MediPharm or the Resulting Issuer and should not rely upon forward-looking statements as a prediction of future results. Risk factors relating to MediPharm include, but are not limited to, the factors set out below.*

#### **REQUIREMENT FOR PERMITS AND LICENCES**

The operations of MediPharm require it to obtain licences for the production and distribution of cannabis oil, and in some cases, renewals of existing licences from, and the issuance of permits by certain national authorities in Canada and Australia. MediPharm believes that it currently holds or has applied for all necessary licences and permits to carry on the activities which it is currently conducting under applicable laws and regulations, and also believes that it is complying in all material respects with the terms of such licences and permits. In addition, MediPharm will apply for, as the need arises, all necessary licences and permits to carry on the activities it expects to conduct in the future. However, the ability of MediPharm to obtain, sustain or renew any such licences and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Any loss of interest in any such required licence or permit, or the failure of any governmental authority to issue or renew such licences or permits upon acceptable terms, would have a material adverse impact upon the Resulting Issuer.

The MediPharm License expires on March 29, 2021. Although MediPharm believes it will meet the requirements of the ACMPR for a renewal of the MediPharm License, there can be no guarantee that Health Canada will renew the MediPharm License or, if it is renewed, that it will be renewed on the same or similar terms. Should Health Canada not renew the MediPharm License or should it renew the MediPharm License on different terms, the business, financial condition and results of the operation of MediPharm and the Resulting Issuer would be materially adversely affected.

MediPharm does not yet have its distribution license pursuant to the ACMPR and although it anticipates receiving such license in the fall of 2018, there can be no guarantee that MediPharm will receive it in the anticipated time period or at all.

MediPharm operates in a purpose-built facility designed and executed to a current Good Manufacturing Standard (cGMP). Actual cGMP certification is ongoing and there is an inherent risk that this certification will not take place. If cGMP certification is achieved, there are ongoing standards and thresholds that must be adhered to in order to maintain certification. Although MediPharm anticipates receiving cGMP certification, there can be no guarantee that it will be achieved or maintained.

#### **FACTORS WHICH MAY PREVENT REALIZATION OF GROWTH TARGETS**

MediPharm is currently in the early development stage. MediPharm's growth strategy contemplates expanding its current facility located at 151 John Street in Barrie, Ontario and constructing a facility in Wonthagi, Australia. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they are can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- a) delays in obtaining, or conditions imposed by, regulatory approvals;
- b) plant design errors;
- c) environmental pollution;

- d) non-performance by third party contractors;
- e) increases in materials or labour costs;
- f) construction performance falling below expected levels of output or efficiency;
- g) breakdown, aging or failure of equipment or processes;
- h) contractor or operator errors;
- i) labour disputes, disruptions or declines in productivity;
- j) inability to attract sufficient numbers of qualified workers;
- k) disruption in the supply of energy and utilities; and
- l) major incidents and/or catastrophic events such as fires, floods, droughts, explosions, earthquakes or storms.

As a result, there is a risk that MediPharm may not have product or sufficient product available for shipment to meet the anticipated demand or to meet future demand when it arises.

**MEDI PHARM HAS A HISTORY OF NET LOSSES, MAY INCUR SIGNIFICANT NET LOSSES IN THE FUTURE AND MAY NOT ACHIEVE OR MAINTAIN PROFITABILITY**

MediPharm has incurred losses in recent periods. MediPharm may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, MediPharm expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If MediPharm's revenues do not increase to offset these expected increases in costs and operating expenses, MediPharm will not be profitable.

**REGULATORY RISKS**

The operations of the Resulting Issuer will be subject to various laws governing the production and distribution of cannabis oil, taxes, labour standards and occupational health, toxic substances, land use, water use, and other matters.

The ACMPR is a new regime and as such, revisions to the regime could be implemented which could have an impact on the Resulting Issuer's operations. See "*Part II – Information Concerning MediPharm – Narrative Description of the Business – Regulatory Framework*".

Furthermore, although the operations of each of MediPharm and POCML4 are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Resulting Issuer's ability to produce cannabis oil and related products. Amendments to current laws and regulations governing the distribution, transportation and/or production of cannabis oil or related products, or more stringent implementation thereof could have a substantial adverse impact on the Resulting Issuer.

## **ENVIRONMENTAL REGULATION AND RISKS**

In the event that the Resulting Issuer obtains all requisite licences for the production of cannabis oil and related products, its operations will be subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Resulting Issuer's operations.

Government approvals and permits are currently and may in the future be required in connection with the Resulting Issuer's operations. To the extent such approvals are required and not obtained, the Resulting Issuer may be curtailed or prohibited from its proposed production of cannabis oil or related products or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Resulting Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of cannabis oil and related products, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

## **INSURANCE AND UNINSURED RISKS**

MediPharm's business (both currently and as proposed following completion of the Transaction) is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although MediPharm maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of MediPharm is not generally available on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

## **UNFAVOURABLE PUBLICITY OR CONSUMER PERCEPTION**

MediPharm believes the marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the marijuana and related products distributed to such consumers. Consumer perception of MediPharm's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for MediPharm's products and the business, results of operations, financial condition and cash flows of MediPharm and the Resulting Issuer. MediPharm's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on MediPharm and the Resulting Issuer, the demand for MediPharm's products, and the business, results of operations, financial condition and cash flows of MediPharm and the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of marijuana and related products in general, or MediPharm's products specifically, or associating the consumption of marijuana or related products with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regard to MediPharm and its activities, whether true or not. Although MediPharm believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, MediPharm does not ultimately have direct control over how it is perceived by others. Reputational loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to MediPharm's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

## **COMPLETION OF THE TRANSACTION AND TSXV APPROVAL**

The completion of the Transaction is subject to several conditions precedent. There can be no assurances that the Transaction will be completed on the terms set out in the Master Agreement, as negotiated, or at all. In the event that any of the conditions precedent are not satisfied or waived, the Transaction may not be completed. In addition, there is no guarantee that the Resulting Issuer will be able to satisfy the requirements of the TSXV such that it will issue the Final Exchange Bulletin, or the requirements of the TSXV such that it will list the common shares of the Resulting Issuer.

## **ONGOING NEED FOR FINANCING**

As the Resulting Issuer will have limited revenue, its ability to continue operations will be largely reliant on its continued attractiveness to equity investors. The Resulting Issuer is expected to incur operating losses as it continues to expend funds to develop its business operations. Even if its financial resources upon completion of the Transaction are sufficient to fund its current operations, there is no guarantee that the Resulting Issuer will be able to achieve its business objectives. The continued development of MediPharm following the Transaction will require substantial additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the

Resulting Issuer going out of business. The primary source of funding available to the Resulting Issuer will consist of equity financing. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Resulting Issuer. In addition, from time to time, the Resulting Issuer may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Resulting Issuer's debt levels above industry standards.

#### **VOLATILE STOCK PRICE**

The stock price of the Resulting Issuer is expected to be highly volatile and will be drastically affected by governmental and regulatory regimes and community support for the marijuana industry. The Resulting Issuer cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Resulting Issuer's decisions related to future operations and will likely trigger major changes in the trading price of the POCML4 Post-Consolidation Shares.

#### **POTENTIAL CONFLICTS OF INTEREST**

Some of the individuals who will be appointed as directors or officers of the Resulting Issuer are also directors and/or officers of other reporting and non-reporting issuers. As of the date of this Filing Statement, and to the knowledge of the directors and officers of POCML4 and MediPharm, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals who will continue as directors or officers following the completion of the Transaction. See "Conflicts of Interest" above. Additional situations may arise where the directors and/or officers of the Resulting Issuer may be in competition with the Resulting Issuer. Any conflicts will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Resulting Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Resulting Issuer are required to act honestly, in good faith and in the best interests of the Resulting Issuer.

#### **MARKET FOR MEDI PHARM SHARES**

There is currently no market through which the MediPharm Shares may be sold. An active public market for the POCML4 Post-Consolidation Shares may not develop or be sustained following the Transaction. If an active public market does not develop or is not sustained, the liquidity of the POCML4 Post-Consolidation Shares may be limited, and the price of the POCML4 Post-Consolidation Shares may decline below the purchase price of the MediPharm Shares and/or POCML4 Shares obtained in each of their most recent private placements (as adjusted to give effect to the Consolidation).

#### **FUTURE SALES OF POCML4 POST-CONSOLIDATION SHARES BY EXISTING SHAREHOLDERS**

Sales of a large number of POCML4 Post-Consolidation Shares in the public markets, or the potential for such sales, could decrease the trading price of the POCML4 Post-Consolidation Shares and could impair the Resulting Issuer's ability to raise capital through future sales of POCML4 Post-Consolidation Shares. MediPharm and POCML4 may from time to time have previously issued securities at an effective price per share which was lower than the market price of the POCML4 Post-Consolidation Shares from time to time. Accordingly, certain shareholders of the Resulting Issuer may have an investment profit in the POCML4 Post-Consolidation Shares that they may seek to liquidate following the closing of the Transaction.

## **MARKET PRICE OF POCML4 POST-CONSOLIDATION SHARES**

The MediPharm Shares do not currently trade on any exchange or market, and the POCML4 Shares are currently listed and posted for trading on the TSXV. Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. If the Transaction is completed, the price of the POCML4 Post-Consolidation Shares is also likely to be significantly affected by changes in applicable rules and regulations governing the distribution and production of cannabis oil and related products, or in financial condition or results of operations of the Companies. Other factors unrelated to the performance of Resulting Issuer or MediPharm that may have an effect on the price of the POCML4 Post-Consolidation Shares include the following: the extent of analytical coverage available to investors concerning the business of Resulting Issuer or MediPharm may be limited if investment banks with research capabilities do not follow the Resulting Issuer's securities; lessening in trading volume and general market interest in the Resulting Issuer's securities may affect an investor's ability to trade significant numbers of POCML4 Post-Consolidation Shares; the size of the Resulting Issuer's public float may limit the ability of some institutions to invest in the Resulting Issuer's securities; and a substantial decline in the price of the POCML4 Post-Consolidation Shares that persists for a significant period of time could cause the Resulting Issuer's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the POCML4 Post-Consolidation Shares at any given point in time may not accurately reflect the long-term value of the Resulting Issuer or MediPharm following the completion of the Transaction or otherwise. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Resulting Issuer may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

## **ATTRACTION AND RETENTION OF KEY PERSONNEL INCLUDING DIRECTORS AND AVAILABLE TALENT POOL**

The Resulting Issuer will have a small management team and the loss of a key individual or inability to attract suitably qualified staff could have a material adverse impact on its business. The Resulting Issuer may also encounter difficulties in obtaining and maintaining suitably qualified staff in certain of the jurisdictions in which it conducts business. MediPharm and POCML4 have each sought to and will continue to ensure that management, directors and any key employees are provided with appropriate incentives; however, their services cannot be guaranteed.

As MediPharm grows, it will need to hire additional human resources to continue to develop the business. However, experienced talent in the areas of medical and recreational marijuana research and development, and extraction is difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable to MediPharm. Without adequate personnel and expertise, the growth of MediPharm's business may suffer.

## **COMPETITION**

The marijuana production industry is competitive in all of its phases. The Resulting Issuer will face strong competition from other companies in connection with such matters. Many of these companies have greater financial resources, operational experience and technical capabilities than the Resulting Issuer. As a result of this competition, the Resulting Issuer may be unable to maintain its operations or develop them

as currently proposed, on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Resulting Issuer could be materially adversely affected.

Because of early stage of the industry in which MediPharm operates, the Resulting Issuer may face additional competition from new entrants. If the number of users of marijuana in Canada increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer 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 the Resulting Issuer.

### **LIMITED OPERATING HISTORY**

MediPharm, while incorporated in January 2015, has yet to generate revenue from the sale of products. MediPharm is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that MediPharm will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

### **TRANSPORTATION DISRUPTIONS**

Due to the perishable and premium nature of MediPharm's products, MediPharm depends on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of MediPharm and the Resulting Issuer. Rising costs associated with the courier services used by MediPharm to ship its products may also adversely impact the business of MediPharm and its ability to operate profitably.

### **CURRENT GLOBAL FINANCIAL CONDITIONS**

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Resulting Issuer to obtain equity or debt financing in the future and, if obtained, on terms favourable to it. If these increased levels of volatility and market turmoil continue, the operations of the Resulting Issuer could be adversely impacted and the value and the price of the POCML4 Post-Consolidation Shares and other securities could be adversely affected.

### **RELIANCE ON A SINGLE FACILITY**

To date, MediPharm's activities and resources have been primarily focused on its facility located at 151 John Street in Barrie, Ontario and MediPharm will continue to be focused on this facility for the foreseeable future. Adverse changes or developments affecting this facility could have a material and adverse effect on MediPharm's business, financial condition and prospects.

## **PRODUCT LIABILITY**

As a distributor of products designed to be ingested by humans, MediPharm faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of MediPharm's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of MediPharm's products alone or in combination with other medications or substances could occur. MediPharm and the Resulting Issuer may be subject to various product liability claims, including, among others, that MediPharm's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against MediPharm could result in increased costs, could adversely affect MediPharm's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of MediPharm and the Resulting Issuer. There can be no assurances that MediPharm 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. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of MediPharm's potential products.

## **PRODUCT RECALLS**

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

## **RISKS INHERENT IN AN AGRICULTURAL BUSINESS**

The Resulting Issuer's business is dependent upon the processing of marijuana, an agricultural product. Such business will be indirectly subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Resulting Issuer expects that any such growing will be completed by its suppliers indoors under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

## **VULNERABILITY TO RISING ENERGY COSTS**

The cannabis oil production operations proposed to be undertaken by the Resulting Issuer will consume considerable energy, which will make the Resulting Issuer vulnerable to rising energy costs. Accordingly,

rising or volatile energy costs may, in the future, adversely impact the business of Resulting Issuer and its ability to operate profitably.

#### **SUPPLY OF CANNABIS**

MediPharm does not cultivate cannabis to supply itself with cannabis leaves, flowers and trim to operate its oil extraction business. Currently, MediPharm acquires cannabis from third parties in amounts sufficient to operate its oil extraction business. However, there can be no assurance that there will continue to be a supply of cannabis available for MediPharm to purchase in order to operate its oil extraction business. Additionally, the price of cannabis may rise which would increase MediPharm's cost of goods. If MediPharm were unable to acquire the cannabis required to operate its oil extraction business or if the price of cannabis increases, it could have a material adverse impact on the business of MediPharm, its financial condition and results from operations.

#### **DEPENDENCE ON SUPPLIERS**

The ability of MediPharm to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to equipment, parts and components. No assurances can be given that MediPharm will be successful in maintaining its required supply of equipment, parts and components. This could have an adverse effect on the financial results of the Resulting Issuer.

#### **DIVIDEND POLICY**

No dividends on any of the POCML4 Shares or MediPharm Shares have been paid by either POCML4 or MediPharm to date. Payment of any future dividends by the Resulting Issuer, if any, will be at the discretion of the board of directors of the Resulting Issuer after considering many factors, including the Resulting Issuer's operating results, financial condition, and current and anticipated cash needs.

#### **DIFFICULTY TO FORECAST**

MediPharm must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the marijuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of MediPharm and the Resulting Issuer.

#### **MANAGEMENT OF GROWTH**

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

#### **DILUTION TO MEDI PHARM SHARES AND POCML4 SHARES**

It is anticipated that immediately prior to the Transaction, POCML4 will have 5,000,000 POCML4 Post-Consolidation Shares issued and outstanding (exclusive of any POCML4 Post-Consolidation Shares that may be issued upon the exercise of POCML4 Options or other convertible securities of POCML4). In the event that the Transaction is completed as contemplated hereby, an aggregate of 91,845,791 POCML4 Post-Consolidation Shares shall be issued to former shareholders of MediPharm in consideration of the

acquisition by POCML4 of all such issued and outstanding MediPharm Shares (including MediPharm Shares issued on conversion of the MediPharm Notes immediately prior to the Effective Time, which is assumed for the purposes of this Filing Statement to take place on September 15, 2018).

The increase in the number of POCML4 Post-Consolidation Shares issued and outstanding, and the sales of such shares, may have a depressive effect on the price of the POCML4 Post-Consolidation Shares. In addition, as a result of the issuance of such additional POCML4 Post-Consolidation Shares, the voting power of the existing POCML4 Shareholders will be substantially diluted.

#### **FAILURE TO COMPLY WITH LAWS IN ALL JURISDICTIONS**

The laws, regulations and guidelines generally applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen. MediPharm's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage, sale, health and safety and disposal of cannabis, including the ACMPR. Health Canada inspectors routinely assess MediPharm's facilities against ACMPR regulations and provide MediPharm with follow up reports noting observed deficiencies. MediPharm is continuously reviewing and enhancing its operational procedures and facilities both proactively and in response to routine inspections. MediPharm follows all regulatory requirements in response to inspections in a timely manner. MediPharm currently incurs and will continue to incur ongoing costs and obligations related to regulatory compliance. A failure on MediPharm's part to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on MediPharm's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to MediPharm's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on MediPharm's business, results of operations and financial condition.

#### **RISKS AS A RESULT OF INTERNATIONAL EXPANSIONS**

MediPharm's expansion into jurisdictions outside of Canada is subject to additional business risks, including whether any market for MediPharm's products will develop or be maintained. MediPharm may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition. These factors may limit MediPharm's ability to successfully expand its operations into such jurisdictions and may have a material adverse effect on its business, financial condition and results of operations.

#### **PERCEIVED REPUTATIONAL RISK FOR THIRD PARTIES**

The parties with which MediPharm does business may perceive that they are exposed to reputational risk as a result of MediPharm's lawful cannabis business activities. Failure to establish or maintain business relationships due to reputational risk arising in connection with the nature of MediPharm's business could have a material adverse effect on the MediPharm's business, financial condition and results of operations.

#### **RISKS RELATED TO INTELLECTUAL PROPERTY**

The ownership and protection of MediPharm's intellectual property rights is a significant aspect of MediPharm's future success. Currently MediPharm relies on trade secrets, technical know-how and proprietary information to protect its intellectual property. MediPharm also attempts to protect its intellectual property by entering into confidentiality agreements with parties that have access to it, such as business partners, collaborators, employees and consultants. Any of these parties may breach these agreements and MediPharm may not have adequate remedies for any specific breach. In addition, MediPharm's trade secrets and technical know-how, which are not protected by patents, may otherwise

become known to or be independently developed by competitors, in which event MediPharm's business, financial condition and results of operations could be materially adversely affected.

Unauthorized parties may attempt to replicate or otherwise obtain and use MediPharm's products, trade secrets, technical know-how and proprietary information that are not protected by patents. Policing the unauthorized use of MediPharm's current or future intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as MediPharm may be unable to effectively monitor and evaluate the products being distributed by its competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of MediPharm's current or future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for the benefit of MediPharm, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of MediPharm's current or future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the business, financial condition and results of operations of MediPharm.

In addition, other parties may claim that MediPharm's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, MediPharm may need to obtain licenses from third parties who allege that MediPharm has infringed on their lawful rights. However, such licenses may not be available on terms acceptable to MediPharm or at all. In addition, MediPharm may not be able to obtain or utilize on terms that are favorable to it, or at all, licenses or other rights with respect to intellectual property that it does not own.

## **MARKETING CONSTRAINTS**

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

## **RESEARCH & DEVELOPMENT AND PRODUCT OBSOLESCENCE**

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products characterize MediPharm's business. The introduction of new products embodying new technologies, including new manufacturing processes, and the emergence of new industry standards may render MediPharm's equipment obsolete and its products less competitive or less marketable. The process of developing MediPharm's products is complex and requires significant continuing costs, development efforts and third-party commitments. MediPharm's failure to develop new technologies and products and the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of MediPharm. MediPharm may be unable to anticipate changes in its potential customer requirements that could make MediPharm's existing technology obsolete. MediPharm's success will depend, in part, on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological

advances and emerging industry standards and practices on a timely and cost-effective basis. The development of MediPharm's proprietary technology entails significant technical and business risks. MediPharm may not be successful in using its new technologies or exploiting its niche markets effectively or adapting its businesses to evolving customer or medical requirements or preferences or emerging industry standards.

### **SHELF LIFE OF INVENTORY**

MediPharm holds finished goods in inventory and its inventory has a shelf life. Finished goods in MediPharm's inventory include cannabis oil products. MediPharm is currently completing shelf life stability tests for cannabis oils. MediPharm's inventory may reach its expiration and not be sold. Even though on a regular basis, management reviews the amount of inventory on hand, reviews the remaining shelf life and estimates the time required to manufacture and sell such inventory, write-down of inventory may still be required, especially as MediPharm is not currently authorized to sell cannabis oil pursuant to the ACMPR. Any such write-down of inventory could have a material adverse effect on MediPharm's business, financial condition, and results of operations.

### **FOREIGN CURRENCY RISK**

MediPharm is commencing operations in foreign jurisdictions. As a result, MediPharm is exposed to foreign currency risk related to cash and cash equivalents, accounts receivable and accounts payable that are denominated in a foreign currency.

### **OPERATIONS IN FOREIGN JURISDICTIONS**

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

- a) renegotiation, nullification, termination or rescission of existing concessions, licenses, permits and contracts;
- b) repatriation restrictions;
- c) changing political conditions;
- d) currency exchange rate fluctuations;
- e) taxation policies;
- f) changing government policies and legislation;
- g) import and export regulations;
- h) infrastructure development policy; and
- i) environmental legislation

Changes, if any, in policies or shifts in political attitude may adversely affect MediPharm's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income

taxes, foreign investment, environmental legislation, and land use. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on MediPharm's operations and profitability.

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

#### **LEGISLATIVE FRAMEWORK IN 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.

MediPharm cannot give any assurances that any or all products that require TGA (or overseas equivalent) approval or registration on the ARTG will receive such approvals or registrations and the non-approval or non-registration by the TGA may mean that the products cannot be sold in Australia which will or is likely to impact upon the revenue generation and financial performance and prospects of MediPharm.

## PART I - INFORMATION CONCERNING POCML4

The following information is presented on a pre-Transaction basis and is reflective of the current business, financial and share capital position of POCML4. See “*Part IV: Information Concerning the Resulting Issuer*” for pro forma business, financial and share capital information relating to the Resulting Issuer after giving effect to the Transaction.

### NAME AND INCORPORATION

POCML 4 Inc. was incorporated under the OBCA on January 23, 2017.

The authorized share capital of POCML4 currently consists of an unlimited number of POCML4 Shares and an unlimited number of special shares, of which as of the date of this Filing Statement, 10,000,000 POCML4 Shares and no special shares are currently issued and outstanding.

The POCML4 Shareholders are entitled to receive notice of and attend all meetings of the POCML4 Shareholders and are entitled to one vote at such meetings, in respect of each POCML4 Share held. In the event of the liquidation, dissolution or winding-up of POCML4, the POCML4 Shareholders are entitled to share rateably in the remaining assets of POCML4.

The head office and registered office of POCML4 is located at 130 King Street West, Suite 2210, Toronto, Ontario, M5X 1E4.

POCML4 has no subsidiaries, other than Newco. Newco was incorporated on July 12, 2018.

### GENERAL DEVELOPMENT OF THE BUSINESS

#### History

POCML4 is a “capital pool company” within the meaning of the policies of the TSXV, and accordingly, its business since incorporation has been limited to the identification and evaluation of businesses and assets with a view to completing a Qualifying Transaction, and completing financing transactions in respect thereof. POCML4 has not conducted commercial operations. POCML4 commenced trading on the facilities of the TSXV on February 9, 2018. See also “*Part I: Information Concerning POCML4 – POCML4 Selected Financial Information and Management’s Discussion and Analysis*”.

### POCML4 SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS

#### POCML4 Selected Financial Information

The following table sets out a summary of the selected financial information for POCML4 for the periods indicated and should be considered in conjunction with the more complete information contained in the financial statements of POCML4 attached as Schedule “A” to this Filing Statement. Unless otherwise indicated, all currency amounts are stated in Canadian dollars.

Statements of Loss Data:	Period from Incorporation (January 23, 2017) to September 30, 2017 <sup>(1)</sup>	Nine Month Period Ended June 30, 2018 <sup>(2)</sup>
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<b>Statements of Loss Data:</b>	<b>Period from Incorporation (January 23, 2017) to September 30, 2017<sup>(1)</sup></b>	<b>Nine Month Period Ended June 30, 2018<sup>(2)</sup></b>
Total Expenses	\$nil	\$10d7,754
Net Loss	\$nil	(\$107,754)
<b>Balance Sheet Data:</b>	<b>As at September 30, 2017<sup>(1)</sup></b>	<b>As at June 30, 2018<sup>(2)</sup></b>
Total Assets	400,000	\$508,989
Total Liabilities	-	\$12,578
Shareholders' Equity	400,000	\$496,411

(1) Audited

(2) Unaudited

### **Management's Discussion and Analysis**

Please see attached as Schedule "D" hereto the management's discussion and analysis of POCML4 for the fiscal period from the date of incorporation (January 23, 2017) to September 30, 2017.

### **DESCRIPTION OF SECURITIES**

POCML4 is authorized to issue an unlimited number of POCML4 Shares and an unlimited number of special shares. There are 10,000,000 POCML4 Shares and no special shares issued and outstanding as of the date of this Filing Statement.

Holders of POCML4 Shares are entitled to receive notice of any meetings of shareholders of POCML4, and to attend and to cast one vote per POCML4 Share at all such meetings. Holders of POCML4 Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the POCML4 Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of POCML4 Shares are entitled to receive on a pro rata basis such dividends on the POCML4 Shares, if any, as and when declared by the POCML4 Board at its discretion from funds legally available therefor, and upon the liquidation, dissolution or winding up of POCML4 are entitled to receive on a pro rata basis the net assets of POCML4 after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of POCML4 Shares with respect to dividends or liquidation. The POCML4 Shares do not carry any pre-emptive, subscription, retraction, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Special shares of POCML4 may be issued from time to time in one or more series, each series consisting of the number of shares and having the designation, rights, privileges, restrictions and conditions which the POCML4 Board determines in accordance with the articles of POCML4 prior to the issue thereof.

### **Consolidated Capitalization**

The following table sets forth the capitalization of POCML4 as at June 30, 2018. There has been no change in the consolidated capitalization of POCML4 since such date.

<b>POCML4 Shares</b> (authorized – unlimited)	<b>Number of POCML4 Shares</b>	<b>Amount</b>
Balance, June 30, 2018	10,000,000	\$557,650

### **STOCK OPTIONS**

The POCML4 Board may from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, senior officers and technical consultants, non-transferable and non-assignable options to purchase POCML4 Shares, exercisable for a period of up to ten years from the date of grant, provided that the number of POCML4 Shares reserved for issuance does not exceed ten percent (10%) of the then issued and outstanding POCML4 Shares. The number of POCML4 Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding POCML4 Shares and the number of POCML4 Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding POCML4 Shares at the closing of the initial public offering of POCML4. Options may be exercised the later of 12 months after the completion of POCML4's Qualifying Transaction and 90 days following the cessation of an optionee's position with POCML4, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of 12 months after such death, subject to the expiry date of such option. Any POCML4 Shares acquired pursuant to the exercise of options prior to POCML4's completion of its Qualifying Transaction must be deposited in escrow and will be subject to escrow until the final bulletin of the TSXV is issued. Incentive stock options to purchase 1,000,000 POCML4 Shares have been granted by POCML4 to date, as follows:

<b>Name and Position</b>	<b>Number of Common Shares Under Option</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Adam Parsons, Director	50,000	\$0.10	February 6, 2023
David D'Onofrio, Chief Executive Officer, Chief Financial Officer, Secretary and Director	450,000	\$0.10	February 6, 2023
Pasquale DiCapo, Director	500,000	\$0.10	February 6, 2023

### **PRIOR SALES**

The following table sets forth the number and price at which POCML4 Shares have been sold since the time of its incorporation:

<b>Date</b>	<b>Number and Type of Security<sup>(1)</sup></b>	<b>Issue Price per Security<sup>(1)</sup></b>	<b>Aggregate Issue Price<sup>(1)</sup></b>	<b>Consideration Received</b>
September 15, 2017	8,000,000 POCML4 Shares <sup>(2)</sup>	\$0.05	\$400,000	Cash

<b>Date</b>	<b>Number and Type of Security<sup>(1)</sup></b>	<b>Issue Price per Security<sup>(1)</sup></b>	<b>Aggregate Issue Price<sup>(1)</sup></b>	<b>Consideration Received</b>
February 6, 2018	2,000,000 POCML4 Shares	\$0.10	\$200,000	Cash

(1) All amounts stated on a pre-Consolidation basis.

(2) All such shares were issued to Non-Arm's Length Parties to POCML4.

### **STOCK EXCHANGE PRICE**

The following table sets out trading information for the POCML4 Shares for the periods indicated as reported by the TSXV.

<b>Period</b>	<b>High</b>	<b>Low</b>	<b>Trading Volume</b>
May 1 to May 14, 2018 <sup>(1)</sup>	\$0.50	\$0.50	6,000
Month ended April 30, 2018	\$0.57	\$0.50	40,500
Month ended March 31, 2018	\$0.56	\$0.52	6,500
February 9 to February 28, 2018 <sup>(2)</sup>	\$1.50	\$0.265	33,980

(1) Trading in the POCML4 Shares was halted at the request of POCML4 on May 14, 2018 pending the announcement of the Transaction. The final closing price on May 14, 2018, the last day on which POCML4 Shares traded prior to the halt in trading, was \$0.50 per share.

(2) Trading in the POCML4 Shares commenced on the TSXV on February 9, 2018.

### **ARM'S LENGTH TRANSACTION**

The Transaction is not a Non-Arm's Length Qualifying Transaction.

### **EXECUTIVE COMPENSATION**

#### ***Compensation Discussion and Analysis***

As at the date of this Filing Statement, POCML4 had not yet completed a Qualifying Transaction pursuant to the CPC Policy. Accordingly, David D'Onofrio, being the only POCML4 Named Executive (as defined below), was not paid any compensation during the financial period from the date of incorporation of POCML4 to September 30, 2017, as the CPC Policy prohibits directors and officers from receiving remuneration while the Company is a CPC.

The board of directors of POCML4 establishes and reviews POCML4's overall compensation philosophy and its general compensation policies and devotes such time and resources as it believes are appropriate given POCML4's status as a CPC and its straightforward method of executive compensation. With respect to any bonuses or incentive option grants which may be awarded to executive officers in the future, POCML4 has not currently set any objective criteria given its status as a CPC.

As of September 30, 2017, the Company had no outstanding options.

**Summary Compensation Table**

The following table provides a summary of compensation for services rendered in all capacities to POCML4 for the fiscal period from the date of incorporation of POCML4 (January 23, 2017) to September 30, 2017 in respect of the individuals who served as (i) the Chief Executive Officer and Chief Financial Officer of POCML4 during such fiscal period (the “**POCML4 Named Executive**”); and (ii) the directors of POCML4 for such fiscal period. See also “Stock Options and Other Compensation Securities” below. POCML4 had no other executive officers whose total compensation during the fiscal period from the date of incorporation of POCML4 (January 23, 2017) to September 30, 2017 exceeded \$150,000.

**Table of Compensation Excluding Compensation Securities**

<b>Name and Position</b>	<b>Fiscal Period Ended</b>	<b>Salary, Consulting Fee, Retainer or Commission</b>	<b>Bonus</b>	<b>Committee or Meeting Fees</b>	<b>Value of Perquisites</b>	<b>Value of All Other Compensation</b>	<b>Total Compensation</b>
David D’Onofrio, Chief Executive Officer and Chief Financial Officer	September 30, 2017	Nil	Nil	Nil	Nil	Nil	Nil
Adam Parsons, Director	September 30, 2017	Nil	Nil	Nil	Nil	Nil	Nil
Pasquale DiCapo, Director	September 30, 2017	Nil	Nil	Nil	Nil	Nil	Nil

***Stock Options and Other Compensation Securities***

Set forth in the table below is a summary of all compensation securities granted or issued to the POCML4 Named Executive and each director of POCML4 during the fiscal period from the date of incorporation of POCML4 (January 23, 2017) to September 30, 2017.

<b>Compensation Securities</b>							
<b>Name and Position</b>	<b>Type of Compensation Security</b>	<b>Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class</b>	<b>Date of Issue or Grant</b>	<b>Issue, Conversion or Exercise Price</b>	<b>Closing Price of Security or Underlying Security on Date of Grant</b>	<b>Closing Price of Security or Underlying Security at Year End</b>	<b>Expiry Date</b>
David D’Onofrio, Chief Executive Officer and Chief Financial Officer	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Adam Parsons, Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Pasquale DiCapo, Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

***Exercise of Compensation Securities by Directors and Named Executive Officers***

Set forth below is a summary of all compensation securities exercised by POCML4 Named Executive and directors of POCML4 during the fiscal period from the date of incorporation of POCML4 (January 23, 2017) to September 30, 2017.

<b>Name and Position</b>	<b>Type of Compensation Security</b>	<b>Number of Underlying Securities Exercised</b>	<b>Exercise Price per Security</b>	<b>Date of Exercise</b>	<b>Closing Price per Security on Date of Exercise</b>	<b>Difference between Exercise Price and Closing Price on Date of Exercise</b>	<b>Total Value on Exercise Date</b>
David D’Onofrio, Chief Executive Officer and Chief Financial Officer	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Adam Parsons, Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Pasquale DiCapo, Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

***Compensation of Directors***

Directors of POCML4 do not currently receive any fees in their capacities as directors, but are reimbursed for travel and other out-of-pocket expenses incurred in connection with such duties. Directors of POCML4 receive no fee for attending meetings of the board of directors or any committee of the board of directors. Directors are eligible to receive incentive stock options. Directors may also be compensated for services provided to POCML4 as consultants or experts on the same basis and at the same rate as

would be payable if such services were provided by a third party, arm's length service provider. During the fiscal period from the date of incorporation of POCML4 (January 23, 2017) to September 30, 2017, no services were provided to POCML4 by any of its directors other than the POCML4 Named Executive.

As of June 30, 2018, POCML4 had outstanding options to purchase 1,000,000 POCML4 Shares, all of which have been granted to directors (including the POCML4 Named Executive).

#### **ARM'S LENGTH TRANSACTIONS**

The Transaction is not a "Non-Arm's Length Qualifying Transaction" as defined by the policies of the TSXV.

#### **LEGAL PROCEEDINGS**

There are no legal proceedings to which POCML4 is, or has been, a party or of which any of its property is, or has been, the subject matter. Additionally, to the reasonable knowledge of the management of POCML4, there are no such proceedings contemplated.

#### **AUDITOR, TRANSFER AGENTS AND REGISTRARS**

##### **Auditor**

The auditors of POCML4 are MNP LLP located at 111 Richmond Street West, Suite 300, Toronto, Ontario, M5H 2G4.

##### **Transfer Agent**

POCML4's transfer agent and registrar is TSX Trust Company, at Suite 301, 100 Adelaide Street West, Toronto, Ontario, M5H 4H1.

#### **MATERIAL CONTRACTS**

POCML4 has not entered into any material contracts, except in the ordinary course of business, other than the Master Agreement (See "*Part II: Information Concerning MediPharm – The Transaction – Master Agreement*").

A copy of the above agreement is available on SEDAR under the profile of POCML4 at [www.sedar.com](http://www.sedar.com).

## PART II - INFORMATION CONCERNING MEDIPHARM

The following information has been provided by MediPharm and is presented on a pre-Transaction basis and is reflective of the current business, financial and share capital position of MediPharm. See “*Part IV: Information Concerning the Resulting Issuer*” for pro forma business, financial and share capital information relating to the Resulting Issuer following the Transaction.

### NAME AND INCORPORATION

MediPharm was incorporated under the OBCA on January 26, 2015 as 2451429 Ontario Inc. On April 14, 2016, MediPharm filed articles of amendment to change its name to MediPharm Labs Inc.

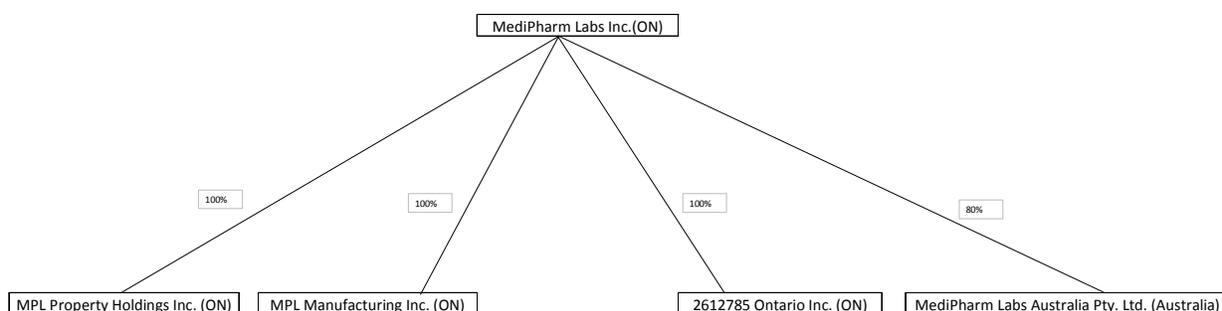
The authorized share capital of MediPharm currently consists of an unlimited number of MediPharm Shares and an unlimited number of class B common shares, of which 6,770,821 MediPharm Shares are issued and outstanding and no class B common shares are issued and outstanding as of the date hereof. MediPharm has an aggregate of 464,480 MediPharm Options, 796,709 MediPharm Existing Warrants, 47,043 MediPharm Existing Broker Warrants, 1,035,261 MediPharm Warrants, 118,960 MediPharm Broker Warrants and MediPharm Notes in an aggregate principal amount of \$1,315,000 issued and outstanding.

The MediPharm Shareholders are entitled to receive notice of and attend all meetings of the MediPharm Shareholders and are entitled to one vote at such meetings, in respect of each MediPharm Share held. In the event of the liquidation, dissolution or winding-up of MediPharm, the MediPharm Shareholders are entitled to share rateably in the remaining assets of MediPharm.

No securities of MediPharm are currently publicly traded on any stock exchange, and MediPharm is not a reporting issuer in any jurisdiction.

### INTERCORPORATE RELATIONSHIPS

MediPharm has four subsidiaries as set out in the corporate organizational chart below:



MPL Property Holdings Inc. is a wholly-owned subsidiary of MediPharm that was incorporated on June 5, 2018 for the purpose of purchasing the property at 151 John Street in Barrie, Ontario, L4N 2L1, the location of MediPharm’s Canadian facility.

MediPharm owns 80% of the issued and outstanding ordinary shares in the capital of MediPharm Labs Australia Pty. Ltd., which is a company registered under the *Corporations Act 2001* in Victoria, Australia on January 18, 2017 with Australian Company Number 616 895 606.

MPL Manufacturing Inc. and 2612785 Ontario Inc. are both wholly-owned subsidiaries of MediPharm that are inactive and have not conducted any business on or before the date hereof.

## **THE TRANSACTION**

### **Principal Steps of the Transaction**

On June 1 and 29, 2018, MediPharm completed the Private Placement pursuant to which it issued an aggregate of 2,070,571 MediPharm Units at a price of \$10.778 each to raise aggregate gross proceeds of approximately \$22,316,600. Each MediPharm Unit consists of one MediPharm Share and one-half of one MediPharm Warrant, with each whole MediPharm Warrant entitling the holder to acquire one MediPharm Share at an exercise price of \$15.216 until the date which is 24 months following completion of the Amalgamation.

A portion of the Private Placement was completed on a brokered basis by the Agents, who received an aggregate cash fee of \$1,282,163 and an aggregate of 118,960 MediPharm Broker Warrants in consideration for their services, each entitling the holder to acquire one MediPharm Unit at an exercise price of \$10.778 until the date which is 24 months following completion of the Amalgamation.

MediPharm must obtain the requisite approval of the Amalgamation from the MediPharm Shareholders. POCML4 must also obtain the requisite approval of the Consolidation, Name Change and Director Elections from the POCML4 Shareholders. In the event the foregoing approvals are obtained, on the Effective Date, the following matters are anticipated to be effected in connection with the Transaction:

1. POCML4 shall effect the Name Change and the Consolidation on the basis of one “new” POCML4 Post-Consolidation Share for each two “old” POCML4 Shares then outstanding;
2. Articles of Amalgamation shall be filed pursuant to which:
  - (j) each issued and outstanding MediPharm Share (including any such MediPharm Shares issued upon conversion of the MediPharm Notes which shall be converted immediately prior to the Amalgamation) shall be converted into that number of POCML4 Post-Consolidation Shares determined in accordance with the Exchange Ratio, and all such MediPharm Shares shall be cancelled;
  - (k) the issued and outstanding MediPharm Options will be exchanged for Resulting Issuer Options, based upon the Exchange Ratio, and 5,889,606 POCML4 Post-Consolidation Shares shall be reserved for issuance upon exercise of such issued and outstanding Resulting Issuer Options;
  - (l) the issued and outstanding MediPharm Existing Broker Warrants will be exchanged for Resulting Issuer Replacement Broker Warrants, based upon the Exchange Ratio, and: (i) an aggregate of up to 596,505 POCML4 Post-Consolidation Shares shall be reserved for issuance upon exercise of the such Resulting Issuer Replacement Broker Warrants; and (ii) an aggregate of up to 596,505 POCML4 Post-Consolidation Shares shall be reserved for issuance upon exercise of the Resulting Issuer Replacement Warrants underlying such Resulting Issuer Replacement Broker Warrants;
  - (m) the issued and outstanding MediPharm Existing Warrants will be exchanged for Resulting Issuer Replacement Warrants, based upon the Exchange Ratio, and an

aggregate of up to 10,102,270 POCML4 Post-Consolidation Shares shall be reserved for issuance upon exercise of such Resulting Issuer Replacement Warrants;

- (n) the issued and outstanding MediPharm Warrants will be exchanged for Resulting Issuer Warrants, based upon the Exchange Ratio, and an aggregate of up to 13,127,111 POCML4 Post-Consolidation Shares shall be reserved for issuance upon exercise of such Resulting Issuer Warrants;
  - (o) the issued and outstanding MediPharm Broker Warrants shall, by their terms, become exercisable to acquire up to 1,508,412 POCML4 Post-Consolidation Shares and 754,206 Resulting Issuer Warrants in lieu of MediPharm Units, and POCML4 shall reserve such POCML4 Post-Consolidation Shares and the POCML4 Post-Consolidation Shares underlying such Resulting Issuer Warrants for issuance;
  - (p) the POCML4 Broker Warrants and POCML4 Options shall remain outstanding in accordance with their terms, subject to adjustment in number and exercise price after giving effect to the Consolidation;
  - (q) in consideration of the Resulting Issuer issuing the POCML4 Post-Consolidation Shares as provided for above, Amalco shall allot and issue to the Resulting Issuer one fully paid and non-assessable common share of Amalco for each POCML4 Post-Consolidation Share so issued; and
  - (r) POCML4 will receive one common share of Amalco for each one Newco Share held and the Newco Shares will be cancelled;
3. The POCML Board shall be reconstituted to consist of five (5) directors, four of which shall be nominees of MediPharm, which shall be Patrick McCutcheon, Keith Strachan, Christopher Hobbs and Miriam McDonald, and one of which shall be a nominee of POCML4, which shall be Marufur Raza, all subject to the receipt of all applicable regulatory approvals and all in a manner that complies with the regulations of the TSXV and applicable securities laws; and
4. The management of POCML4 shall be reconstituted to be comprised of nominees of MediPharm, which shall be Patrick James McCutcheon – President and Chief Executive Officer, Keith Strachan – Vice President, Business Development and Christopher Hobbs – Chief Financial Officer, subject to the receipt of all applicable regulatory approvals and all in a manner that complies with the regulations of the TSXV and applicable securities laws.

### **Effect of the Amalgamation**

The effect of the Amalgamation is that: (i) MediPharm and Newco will amalgamate to form Amalco which will continue as a wholly-owned subsidiary of POCML4, as a result of which all of the property and assets of MediPharm will become indirectly held by POCML4; and (ii) existing shareholders of MediPharm will continue to hold an indirect interest in the property and assets of MediPharm through the POCML4 Post-Consolidation Shares which they receive pursuant to the Amalgamation. The Amalgamation does not change any of the assets, properties, rights, liabilities, obligations, business or operations of any of POCML4, Newco or MediPharm on a consolidated basis. A corporate organizational chart reflecting the proposed structure of POCML4 after giving effect to the above-noted matters is set forth below:



shareholders. Benefits also include the fact that the Transaction will result in a larger publicly traded company with greater market capitalization that has prospective operations, and a potentially greater ability to attract financing.

In determining the number of POCML4 Post-Consolidation Shares to be issued in exchange for the MediPharm Shares, the MediPharm Board and POCML4 Board, respectively, considered a number of relevant factors including the market value, financial and other assets, liabilities, contingent liabilities and risks as applicable to each of MediPharm and POCML4.

### **Regulatory Approvals**

In addition to the shareholder approvals described above, certain Regulatory Approvals will also be required in order to consummate the Transaction. It is a condition of the Transaction that the Transaction be approved by the TSXV. The TSXV has conditionally approved the Transaction subject to POCML4 fulfilling all of the requirements of the TSXV. In addition, MediPharm needs the approval of Health Canada to complete the Transaction.

Final approvals have not yet been given by the regulatory authorities or shareholders referred to above. Neither MediPharm nor POCML4 can provide any assurances that such approvals will be obtained.

### **Fees and Expenses**

In accordance with the Master Agreement, all expenses incurred in connection with the Transaction and the transactions contemplated thereby shall be paid by the party incurring same.

### **Effective Date and Conditions**

#### ***Effective Date***

If all conditions disclosed under “Conditions to the Amalgamation Becoming Effective” below are met, it is anticipated that the Amalgamation will be completed on or about October 1, 2018.

#### ***Conditions to the Amalgamation Becoming Effective***

In order for the Transaction contemplated by the Master Agreement to be completed, certain conditions must have been satisfied (or in certain cases waived) on or before the Effective Date including the conditions summarized below:

#### **Mutual Conditions:**

- (a) the POCML4 Meeting Matters shall be approved by the shareholders of POCML4 in accordance with the applicable provisions of the OBCA (which shall, if required by applicable Law, include “majority of the minority” approval);
- (b) the Amalgamation shall be approved by the shareholders of MediPharm in accordance with the applicable provisions of the OBCA (which shall, if required by applicable Law, include “majority of the minority” approval);
- (c) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Master Agreement, including, without limitation, the Amalgamation, Name Change and/or Consolidation;

- (d) all necessary regulatory and third-party approvals to effect the transactions contemplated herein shall have been obtained, including the conditional approval of the TSXV to (i) the Transaction constituting a Qualifying Transaction for POCML4; and (ii) the listing on the TSXV of the POCML4 Post-Consolidation Shares to be issued in connection therewith;
- (e) a duly completed and notarized Form 2A Personal Information Form shall have been delivered to the TSXV for each of the proposed new Insiders (as such term is defined in the TSXV Corporate Finance Manual) pending completion of the Listing Transaction and for such other persons as may be required by the TSXV;
- (f) each of the parties as required by the TSXV shall have entered into the Escrow Agreement;
- (g) a duly completed Sponsor Report (as such term is defined in the TSXV Corporate Finance Manual) if so required by the TSXV, shall have been delivered to the TSXV, or an exemption from such requirement shall have been obtained;
- (h) the certificate of amendment shall have been issued by the Director giving effect to the Consolidation and Name Change; and
- (i) the Master Agreement shall not have been terminated.

Additional Conditions in Favour of MediPharm:

- (a) each of the acts of POCML4 to be performed on or before the Effective Date pursuant to the terms of the Master Agreement shall have been duly performed by it and there shall have been no POCML4 Material Adverse Change from and after the date of the Master Agreement to the Effective Date;
- (b) MediPharm shall have received a certificate from a senior officer of POCML4 and Newco confirming that the conditions set forth in sections 16 and 18 of the Master Agreement have been satisfied;
- (c) the representations, warranties, covenants and agreements of POCML4 and Newco set forth in the Master Agreement shall be true and correct in all material respects as of the date of the Master Agreement and shall be true and correct as of the Effective Date as if made by POCML4 and Newco immediately preceding the Amalgamation on the Effective Date (other than as a result of any changes in the total number of issued and outstanding securities and convertible securities of POCML4 as expressly permitted by the Master Agreement);
- (d) the officers and directors of POCML4 shall have each delivered irrevocable resignations to POCML4 effective upon the completion of the Amalgamation;
- (e) the board of directors of POCML4 shall have adopted all necessary resolutions to permit the consummation of the Transaction and all related matters contemplated in connection therewith as set forth in the Master Agreement;
- (f) all necessary approvals of the TSXV shall have been obtained in connection with the individuals serving as directors and management of the Resulting Issuer; and

- (g) POCML4 shall have delivered to MediPharm evidence that it has working capital of at least \$500,000 as of the Effective Date (prior to the payment of expenses in relation to the Amalgamation and related matters as contemplated in the Master Agreement, payment of expenses required to retain POCML4's public company status, and the exercise of any POCML4 Options or POCML4 Broker Warrants), in form and substance satisfactory to MediPharm and its counsel, acting reasonably.

Additional Conditions in Favour of POCML4 and Newco:

- (a) each of the acts of MediPharm to be performed on or before the Effective Date pursuant to the terms of the Master Agreement shall have been duly performed by it and there shall have been no MediPharm Material Adverse Change from and after the date of the Master Agreement to the Effective Date;
- (a) POCML4 shall have received a certificate from a senior officer of MediPharm confirming that the conditions set forth in sections 16 and 17 of the Master Agreement have been satisfied;
- (b) the representations, warranties, covenants and agreements of MediPharm set forth in the Master Agreement shall be true and correct in all material respects as of the date of the Master Agreement and shall be true and correct as of the Effective Date as if made by MediPharm immediately preceding the Amalgamation on the Effective Date (other than as a result of any changes in the total number of issued and outstanding securities and convertible securities of MediPharm as expressly permitted by the Master Agreement);
- (c) the number of MediPharm Shares in respect of which shareholders of MediPharm have dissented in connection with the resolutions authorizing the Amalgamation shall not exceed 5% of the number of issued and outstanding MediPharm Shares;
- (d) MediPharm shall have provided evidence of the termination of the Shareholders Agreement, in form and substance acceptable to POCML4 acting reasonably; and
- (e) the board of directors of MediPharm shall have adopted all necessary resolutions to permit the consummation of the Amalgamation and all related matters contemplated in connection therewith as set forth in the Master Agreement.

The full particulars of the Transaction are contained in the Master Agreement, a copy of which is available on SEDAR under the profile of POCML4 at [www.sedar.com](http://www.sedar.com).

*Master Agreement*

The steps of the Amalgamation, as set out in the Master Agreement, are summarized under "The Transaction – Principal Steps of the Transaction".

The general description of the Master Agreement which follows is qualified in its entirety by reference to the full text of the Master Agreement.

*General*

POCML4, Newco and MediPharm have entered into the Master Agreement, pursuant to which POCML4 and MediPharm provide representations and warranties to one another regarding certain customary commercial matters, including corporate, legal and other matters, relating to their respective affairs.

Under the Master Agreement, POCML4 and MediPharm have each agreed to seek the approval of their respective shareholders for the applicable aspects of the Transaction required to be approved by such shareholders. POCML4 and MediPharm have each also agreed to act in good faith and use their respective commercially reasonable efforts to satisfy the conditions to the Transaction set forth in the Master Agreement, all in accordance with the terms thereof.

#### *Termination*

The Master Agreement may be terminated at any time prior to the Effective Date, in the circumstances specified in the Master Agreement, including: (a) by mutual agreement of the respective boards of POCML4, MediPharm and Newco, without further action on the part of the shareholders of MediPharm or POCML4; (b) at any time, by either MediPharm or POCML4 if the Transaction has not been completed on or before September 30, 2018, without further action on the part of the shareholders of MediPharm or POCML4; (c) upon written notice by POCML4 at any time prior to the Effective Date, if any of the mutual conditions or conditions in favour of POCML4 required to be satisfied under the Master Agreement have not been satisfied or waived to the extent permitted prior to the Effective Date; (d) upon written notice by MediPharm at any time prior to the Effective Date, if any of the mutual conditions or conditions in favour of MediPharm required to be satisfied under the Master Agreement have not been satisfied or waived to the extent permitted prior to the Effective Date; (e) upon written notice by POCML4 to MediPharm at any time prior to the Effective Date, if MediPharm breaches certain specified covenants, in which event MediPharm shall be required to pay to POCML4 the sum of \$250,000 as a penalty; or (f) upon written notice by MediPharm to POCML4 at any time prior to the Effective Date, if POCML4 breaches certain specified covenants, in which event POCML4 shall be required to pay to MediPharm the sum of \$250,000 as a penalty.

#### *Amendment*

At any time on or before the Effective Date, certain provisions of the Master Agreement may be amended by written agreement of the parties.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

### **Overview of the Business**

#### *Regulatory Framework*

The production, distribution and sale of medicinal cannabis is tightly controlled by the Canadian federal government. In 2013, Health Canada introduced the commercial cannabis licensed producer program under the *Marihuana for Medical Purposes Regulations* (“**MMPR**”) program. The initial MediPharm application was filed under the MMPR. In August 2016, the MMPR was replaced by the ACMPR. The ACMPR program as it relates to commercial production is very similar to the MMPR. However, the major change that benefited MediPharm was the streamlined approach to identifying and being approved for various cannabis-related activities. This allowed MediPharm to refine its application to become a licensed producer to focus solely on oil production. This revised application referred to as the “abridged application” was submitted in February 2017. On March 29, 2018, MediPharm received its oil production license pursuant to the ACMPR.

In April 2017, the federal government has introduced legislation to legalize the recreational use of cannabis. This led to the *Cannabis Act* (An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts), also known as Bill C-45, a law that will, upon coming into effect on October 17, 2018, legalize recreational use of cannabis in Canada, when combined with Bill C-46, *An Act to Amend the Criminal Code*.

The *Cannabis Act* was passed by the House of Commons of Canada in late November 2017. It was passed in the Senate of Canada on June 7, 2018, and the House accepted certain Senate amendments and sent the bill back to the Senate on June 18, 2018. The Senate then passed the final version of the bill on June 19, 2018 and it received Royal Assent on June 21, 2018. The *Cannabis Act* will be effective on October 17, 2018.

As an ACMPR licensed producer, the MediPharm License will be grandfathered into the new licensing regime under the *Cannabis Act*. The transition of licensing will take place in September and October 2018 to prepare for the October 2018 launch.

Distribution and sales of recreational cannabis will be determined by each individual Province. The distribution model of each Province will not adversely affect MediPharm as a business-to-business provider.

### ***History of MediPharm***

MediPharm was created in 2015 by pharmaceutical and healthcare industry experts in Ontario. With the medicinal benefits of cannabis established – and with a global patient market demanding quality cannabis oil – MediPharm was born. While initially exploring options to cultivate cannabis plant, MediPharm came to recognize the opportunity for a select focus on cannabis concentrates. MediPharm set out to master this area of production and rely on the many cultivating experts to provide quality raw materials.

In 2016, MediPharm applied to Health Canada for approval to distribute medicinal cannabis oil. MediPharm was one of the first licensed producer applications in history that did not include the cultivation of cannabis.

The key to MediPharm quality is its best possible use of modern technology and innovative extraction techniques. MediPharm produces cannabis oil that is pharmaceutical grade and meets specific quality and purity requirements.

The MediPharm executive team has proven industry experience in the areas of pharmaceutical extraction, processing and quality assurance.

On March 29, 2018, MediPharm received its oil production license pursuant to the ACMPR.

MediPharm has entered into processing agreements and has inventory on hand. MediPharm has entered into the three binding agreements listed below to provide extraction processing services to ACMPR licensed producers:

1. Cannabis Concentrate Program Agreement dated July 31, 2018, with James E. Wagner Cultivation Corporation;
2. Cannabis Concentrate Program Agreement dated July 31, 2018, with 6779264 Manitoba Ltd. (O/A Bonify); and

3. Cannabis Concentrate Program Agreement dated August 31, 2018, with Indiva Inc.

In addition, MediPharm entered into a binding Master Cannabis Supply Agreement dated September 5, 2018 with Ontario Cannabis Retail Corporation (o/a the Ontario Cannabis Store) to sell inventory on hand.

In order to complete any sales of cannabis oil, MediPharm must be granted an authorization to distribute under its existing MediPharm License. A distribution authorization will permit MediPharm to complete sales to other ACMPR licensed producers. The distribution authorization is contingent upon “practice lot” production, an evidence package submission and an additional inspection. MediPharm has completed the “practice lots” and submitted its license amendment package to the Office of Medical Cannabis. MediPharm received notification from the Office of Medical Cannabis on August 24, 2018 that it has passed the initial paper review of its license amendment submission. The outstanding requirement for the distribution authorization is an inspection by the regional enforcement branch of Health Canada.

MediPharm commenced construction of an extraction facility in Australia in June 2018. MediPharm Australia is MediPharm’s first expansion outside of Canada. MediPharm Australia completed its application process with the federal Office of Drug Control in February 2018 to extract medical cannabis products in Australia.

To support MediPharm’s growth, the company conducted a number of financings as follows:

<b>Date</b>	<b>Number and Type of Security</b>	<b>Issue Price per Security</b>	<b>Aggregate Issue Price</b>	<b>Consideration Received</b>
January 2, 2017	370,000 MediPharm Shares	\$2.00	\$740,000	Cash
January 2, 2017	45,000 MediPharm Shares	\$2.00	\$90,000	Services
October 6, 2017	\$1,315,000 in principal aggregate amount of MediPharm Notes <sup>(1)</sup>	N/A	\$1,315,000	Cash
December 27, 2018, 2017	1,039,831 MediPharm Shares	\$3.00	\$3,119,493	Cash
December 27, 2017	148,710 MediPharm Shares	\$3.00	\$446,130	Services
March 22, 2018	796,709 MediPharm Shares and 796,709 MediPharm Existing Warrants <sup>(2)</sup>	\$3.72	\$2,963,757.48	Cash
June 1, 2018	432,272 MediPharm Units <sup>(3)</sup>	\$10.778	\$4,659,027.61	Cash
June 29, 2018	1,638,296 MediPharm Units <sup>(3)</sup>	\$10.778	\$17,657,554.28	Cash

(1) The MediPharm Notes carry an interest rate of 8% per annum compounded monthly and have a maturity date of December 31, 2018. The MediPharm Notes will be automatically converted immediately prior to the Effective Time at a conversion rate of \$3.00 per MediPharm Share.

(2) Each MediPharm Existing Warrant entitles the holder to acquire one MediPharm Share at an exercise price of \$6.00 until the date which is 24 months following completion of the Amalgamation.

(3) Each MediPharm Unit consists of one MediPharm Share and one-half of one MediPharm Warrant, with each whole MediPharm Warrant entitling the holder to acquire one MediPharm Share at an exercise price of \$15.216 until the date which is 24 months following completion of the Amalgamation.

See “*Part II: Information Concerning MediPharm – Narrative Description of the Business*”.

## **NARRATIVE DESCRIPTION OF THE BUSINESS**

MediPharm is a Health Canada licensed cannabis oil producer based out of Barrie, Ontario. MediPharm was founded in Canada in 2015 with a mission to manufacture products extracted from cannabis to a high-quality standard for global distribution. Today, MediPharm is bound by that same principle.

MediPharm is built on the foundation of a strong executive team, with professionals from complementary industries that include global pharmaceuticals, health care, energy and biotechnology manufacturing. MediPharm brings together prominent professionals from the pharmaceutical industry to develop unique strategies for an evolving global landscape. MediPharm’s innovative extraction techniques are the fulfilment of years of research and investment by the MediPharm’s founders.

MediPharm is committed to medical research to support efficacy claims for its products. For this purpose, MediPharm has established relationships with key academic health centres based in universities with established medical schools and staffed with medically qualified key opinion leaders focused on researching cannabis based therapies.

### **Manufacturing Facility in Barrie**

MediPharm is located in Barrie, Ontario. MediPharm’s manufacturing facility is located in a light industrial area which complies with the city’s zoning by-laws. As per Health Canada regulations, it is located well away from any residential and school zones. The building is a retrofitted warehouse that has been purpose-built for cannabis production.

MediPharm’s state of the art facility follows Good Manufacturing Practices (GMP) requirements and is designed to ISO 14644 standard cleanrooms and critical environments. The facility includes ISO 5, 7 and 8 cleanrooms depending on activity carried out in each. The standard of design and construction are currently the most innovative and technically advanced in the Canadian cannabis industry.

Phase one of MediPharm’s manufacturing facility has capacity to extract over 100,000 kg of dry cannabis annually with operational space to scale up capacity with the rapid growth in the industry.

### **Go to Market Strategy**

MediPharm is as a business-to-business supplier. Sales will be targeted to approved distributors to achieve higher volumes without the initial time and cost of patient acquisitions. Solutions will be customized for each customer mainly based around white label products and contract manufacturing.

Due to the specialized skill set and regulatory barrier of entry for MediPharm's business, all of the company's contract manufacturing will have a joint venture aspect built in whereby MediPharm will receive equity in the products it produces. This will also enable MediPharm to leverage established experts in product launches. For example, rather than create, formulate and destitute a cannabis beverage MediPharm has tapped the expertise of one of the biggest cold press juice manufacturers in the country to be its partner.

### **MediPharm Products**

MediPharm will produce the majority of categories of cannabis products permitted by Health Canada. MediPharm's ISO rated packaging cleanroom has been 'over built' to global pharmaceutical manufacturing standards by design to accommodate the production of various products in line with market demand.

### **MediPharm 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.

MediPharm's Australian venture began in January 2017 following the 2016 changes to Australia's federal legislation allowing companies to produce medicinal cannabis products in Australia. To ensure smooth operations, MediPharm secured a local partner while maintaining majority ownership (80%) of MediPharm Australia as well as control of its board of directors.

MediPharm Australia has purchased an industrial plot of land in Wonthaggi, Victoria, Australia. Since the purchase of the land, MediPharm Australia has designed a warehouse suitable for the storage of products and secured plans to replicate the extraction facility already built in Canada.

MediPharm Australia submitted its application to the Office of Drug Control in April 2018. MediPharm Australia anticipates receiving its cannabis oil manufacturing license from the Office of Drug Control in the fall of 2018.

Initial meetings concerning MediPharm Australia's facility design have been conducted with the TGA. These meetings have been successful and are following their regular process. MediPharm Australia is continuing its licensing procedure with the TGA in preparation for a 2019 facility completion. TGA approval can only be granted once MediPharm Australia is operational, which MediPharm Australia anticipates in the spring of 2019.

Following the receipt of TGA approval, MediPharm Australia will be able to commercialization of full oil sales.

### **Competition**

The cannabis production industry is competitive in all of its phases. MediPharm faces strong competition from other companies in connection with such matters. Many of these companies have greater financial resources, operational experience and technical capabilities than MediPharm. Because of early stage of the industry in which MediPharm operates, the MediPharm may face additional competition from new entrants. If the number of users of marijuana in Canada increases, the demand for products will increase and MediPharm expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the MediPharm will require a continued high level of investment in research and development, marketing, sales and client support.

MediPharm has two specific types of competition: (i) existing licensed producers and their ability to conduct extraction in-house; and (ii) other similar cannabis concentrate processors. To MediPharm's knowledge, there are three publicly traded companies with a similar business model to MediPharm, however, as of September 20, 2018 none of these companies have received their commercial production license from Health Canada pursuant to the ACMPR.

In terms of competition from existing licensed producers, there are approximately 110 licensed producers currently authorized to grow cannabis in Canada as at the date hereof. Approximately 44 of those 110 Licensed Producers have an oil production and/or sales license. MediPharm anticipates that Health Canada will continue to license many cannabis businesses in the future. A higher number of approved commercial cultivators is actually beneficial to MediPharm's business as it will lower the wholesale cost of dried cannabis, MediPharm's biggest expense in the ordinary course of business.

MediPharm cannot predict the number of other similar cannabis concentrate processors that will enter the industry.

### **Executive Compensation**

The following table provides a summary of compensation for services rendered in all capacities to MediPharm for the fiscal years ended December 31, 2016 and 2017 in respect of the individuals who served as (i) the Chief Executive Officer and Chief Financial Officer of MediPharm during the fiscal year ended December 31, 2017 (the "**Named Executive Officers**"); and (ii) the sole director of MediPharm during the fiscal year ended December 31, 2017. See also "Stock Options and Other Compensation Securities" below. MediPharm had no executive officers whose total compensation during the during the fiscal year ended December 31, 2017 exceeded \$150,000. See also "*Part I: Information Concerning POCMLA – Executive Compensation*".

***Table of Compensation Excluding Compensation Securities***

<b>Name and Position</b>	<b>Fiscal Year(s) Ended</b>	<b>Salary, Consulting Fee, Retainer or Commission</b>	<b>Bonus</b>	<b>Committee or Meeting Fees</b>	<b>Value of Perquisites</b>	<b>Value of All Other Compensation</b>	<b>Total Compensation</b>
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Patrick McCutcheon, Chief Executive Officer and Director	December 31, 2017 and December 31, 2016	Nil	Nil	Nil	Nil	Nil	Nil
Christopher Hobbs, Chief Financial Officer	December 31, 2017 and December 31, 2016	Nil	Nil	Nil	Nil	Nil	Nil
Keith Strachan, Vice President, Business Development	December 31, 2017 and December 31, 2016	\$72,905 and \$11,600	Nil	Nil	Nil	Nil	Nil

***Stock Options and Other Compensation Securities***

Set forth in the table below is a summary of all compensation securities granted or issued to each Named Executive Officer and the sole director of MediPharm during the fiscal year ended December 31, 2017.

<b>Compensation Securities</b>							
<b>Name and Position</b>	<b>Type of Compensation Security</b>	<b>Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class</b>	<b>Date of Issue or Grant</b>	<b>Issue, Conversion or Exercise Price</b>	<b>Closing Price of Security or Underlying Security on Date of Grant</b>	<b>Closing Price of Security or Underlying Security at Year End</b>	<b>Expiry Date</b>
Patrick McCutcheon, Chief Executive Officer and Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Christopher Hobbs, Chief Financial Officer	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Keith Strachan, Vice President, Business Development	N/A	Nil	N/A	N/A	N/A	N/A	N/A

***Exercise of Compensation Securities by Directors and Named Executive Officers***

Set forth below is a summary of all compensation securities exercised by Named Executive Officers and the sole director of MediPharm during the fiscal year ended December 31, 2017.

<b>Name and Position</b>	<b>Type of Compensation Security</b>	<b>Number of Underlying Securities Exercised</b>	<b>Exercise Price per Security</b>	<b>Date of Exercise</b>	<b>Closing Price per Security on Date of Exercise</b>	<b>Difference between Exercise Price and Closing Price on Date of Exercise</b>	<b>Total Value on Exercise Date</b>
Pat McCutcheon, Chief Chief Executive Officer and Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Christopher Hobbs, Chief Financial Officer	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Keith Strachan, Vice President, Business Development	N/A	Nil	N/A	N/A	N/A	N/A	N/A

**Pension Plan Benefits**

MediPharm has not had in place since its formation any pension plans providing for payments or benefits.

**Termination of Employment, Change in Responsibilities and Employment Contracts**

MediPharm begun recruiting employees in September 2017, and now has 28 employees. In line with business best practices each employee has agreed to a comprehensive employee agreement. In order to ensure these agreements best suited MediPharm as well as complied with all applicable regulations and laws, external legal counsel was engaged to create these agreements. The form of agreement covers critical components such as, but not limited to, compensation, confidentiality, non-competition and termination.

Further to the employment agreements, MediPharm is in compliance with all employee related regulations such as, but not limited to, tax reporting and dedications, Workplace Safety and Insurance Board coverage and role specific safety training.

The employment agreements for Patrick McCutcheon, President and CEO, Keith Strachan, Vice President, Business Development and Ahmed Shehata, General Counsel and Head of Corporate Development include a change of control clause where in the event of the resignation of any of those employees within 30 days following a change of control event, such employee will receive a payment in the amount of 24 months of such employees salary.

**Compensation Discussion and Analysis**

MediPharm's approach to executive compensation has been to provide suitable compensation for executives that is internally equitable, externally competitive and reflects individual achievement. MediPharm attempts to maintain compensation arrangements that will attract and retain highly qualified individuals who are able and capable of carrying out the objectives of MediPharm.

MediPharm’s compensation arrangements for the MediPharm Named Executives may include compensation in the form of bonuses and, over a longer term, benefits arising from the grant of stock options. Given the stage of development of MediPharm, compensation of the MediPharm Named Executives to date has emphasized stock option awards to attract and retain the MediPharm Named Executives. This policy may be re-evaluated in the future depending upon the future development of MediPharm and other factors which may be considered relevant by the board of directors from time to time.

During the financial period from January 26, 2015 to December 31, 2017, no salary was paid in respect of the services of any MediPharm founder, director, officer, or executive or to any of the MediPharm Named Executives other than \$72,905 paid to Strachan Systems in 2017 and \$11,600 paid to Strachan Systems in 2016. Strachan Systems is a sole proprietorship owned by Keith Strachan. The board of directors of MediPharm establishes and reviews MediPharm’s overall compensation philosophy and its general compensation policies with respect to executive officers, including the corporate goals and objectives and the annual performance objectives relevant to such officers. The board of directors evaluates each officer’s performance in light these goals and objectives and, based on its evaluation, determines and approves the salary, bonus, options and other benefits for such officers. In determining compensation matters, the board of directors may consider a number of factors, including MediPharm’s performance, the value of similar incentive awards to officers performing similar functions at comparable companies, the awards given in past years and other factors it considers relevant. The current overall objective of MediPharm’s compensation strategy is to reward management for their efforts, while seeking to conserve cash given current market conditions. With respect to any bonuses or incentive option grants which may be awarded to executive officers in the future, MediPharm has not currently set any objective criteria and will instead rely upon any recommendations and discussion at the board level with respect to the above-noted considerations and any other matters which the board may consider relevant on a going-forward basis, including the cash position of MediPharm.

Existing options held by the MediPharm Named Executive at the time of subsequent option grants are taken into consideration in determining the quantum or terms of any such subsequent option grants. Options have been granted to directors, management, employees and certain service providers as long-term incentives to align the individual’s interests with those of MediPharm. The size of the option awards is in proportion to the deemed ability of the individual to make an impact on MediPharm’s success.

**MEDI PHARM SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS**

**MediPharm Selected Consolidated Financial Information**

The following table sets out selected consolidated financial information for MediPharm for the periods indicated and should be considered in conjunction with the more complete information contained in the financial statements of MediPharm attached as Schedule “B” to this Filing Statement. All currency amounts are stated in Canadian dollars.

Statement of Operations, Comprehensive Loss and Deficit Data:	Year Ended December 31, 2016 <sup>(1)</sup>	Year Ended December 31, 2017 <sup>(1)</sup>	Six Month Period Ended June 30, 2018 <sup>(2)</sup>

<b>Statement of Operations, Comprehensive Loss and Deficit Data:</b>	<b>Year Ended December 31, 2016<sup>(1)</sup></b>	<b>Year Ended December 31, 2017<sup>(1)</sup></b>	<b>Six Month Period Ended June 30, 2018<sup>(2)</sup></b>
Revenues	\$nil	\$nil	\$nil
Costs of goods sold	\$nil	\$nil	\$nil
Total operating and other expenses	\$133,936	\$995,073	\$2,950,505
Net loss and comprehensive loss	(\$133,936)	(\$995,337)	(\$2,952,890)
<b>Balance Sheet Data:</b>	<b>As at December 31, 2016<sup>(1)</sup></b>	<b>As at December 31, 2017<sup>(1)</sup></b>	<b>As at June 30, 2018<sup>(2)</sup></b>
Total Assets	\$262,185	\$5,393,142	\$30,759,766
Total Liabilities	\$46,726	\$2,524,334	\$4,968,541
Shareholder's Equity	\$215,459	\$2,873,418	\$25,826,444

- (1) Audited.  
(2) Unaudited.

### **Management's Discussion and Analysis**

Please see attached as Schedule "E" hereto the management's discussion and analysis of MediPharm for the fiscal years ended December 31, 2016 and 2017, and for the three and six month periods ended June 30, 2018.

### **Trends**

The cannabis industry has experienced a surge in industry revenue and investment over the last several years due, in part, to changes to the regulatory framework governing the cultivation and distribution of cannabis and consumer trends toward the use of alternative forms of medical treatments such as cannabis. MediPharm believes that the growing demand for the industry's products will continue over the next decade as a result of increasing awareness and acceptance of the safety and efficacy of the medicinal properties of cannabis.

The regulation of cannabis has often been contentious, with regular legal challenges to a number of aspects of the industry. With the new regulatory framework governing cannabis in its infancy, MediPharm expects this culture of legal challenges to continue.

Although an increasing percentage of Canadians use cannabis products to alleviate pain and to treat other health conditions, physician attitudes toward prescribing medical cannabis remains cautious. MediPharm believes that only a small percentage of Canadian doctors consider cannabis as a therapeutic alternative for their patients, and an even smaller core group of medical practitioners are active and significant prescribers. MediPharm expects a trend toward increased investment in education and research, which should contribute to physician awareness and help the market grow over time.

See also “Part IV: Information Concerning the Resulting Issuer – Description of Business” below.

## DESCRIPTION OF SECURITIES

In connection with the Transaction, all MediPharm Shares outstanding immediately prior to the Effective Date will be exchanged on the Effective Date for POCML4 Post-Consolidation Shares based on the Exchange Ratio. Set forth below is a summary of the terms of such securities.

### MediPharm Shares

MediPharm is authorized to issue an unlimited number of MediPharm Shares. There are currently an aggregate of 6,770,821 MediPharm Shares issued and outstanding as of September 24, 2018. Holders of MediPharm Shares are entitled to receive notice of any meetings of shareholders of MediPharm, and to attend and to cast one vote per MediPharm Share at all such meetings. Holders of MediPharm Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the MediPharm Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of MediPharm Shares are entitled to receive on a pro rata basis such dividends on the MediPharm Shares, if any, as and when declared by the MediPharm Board at its discretion from funds legally available therefor, and upon the liquidation, dissolution or winding up of MediPharm are entitled to receive on a pro rata basis the net assets of MediPharm after payment of debts and other liabilities. The MediPharm Shares do not carry any redemption or conversion rights, nor do they contain any sinking or purchase fund provisions. Immediately prior to the completion of the Transaction, holders of MediPharm Shares will not have pre-emptive rights.

## STOCK OPTIONS

MediPharm has not adopted a stock option plan; however, there are currently outstanding an aggregate of 464,480 MediPharm Options, issued in accordance with standard terms and conditions, designed to provide long-term incentives to the holders thereof.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of MediPharm as at the dates referenced below. Except as disclosed under “Prior Sales”, below, there has been no material change in the consolidated capitalization of MediPharm since June 30, 2018, other than completion of the Private Placement.

Designation of Security	Amount Authorized	Amount outstanding as at June 30, 2018	Amount outstanding as at September 24, 2018
MediPharm Shares	Unlimited	6,770,821	6,770,821
MediPharm Warrants <sup>(1)</sup>	1,035,261	1,035,261	1,035,261
MediPharm Existing Warrants <sup>(2)</sup>	796,709	796,709	796,709
MediPharm Existing Broker Warrants <sup>(3)</sup>	47,043	47,043	47,043
MediPharm Broker Warrants <sup>(4)</sup>	118,960	118,960	118,960
MediPharm Notes <sup>(5)</sup>	\$1,315,000 of principal	\$1,315,000 of principal	\$1,315,000 of principal
MediPharm Options <sup>(6)</sup>	677,082	464,480	464,480

(1) Each MediPharm Warrant entitles the holder to acquire one MediPharm Share at an exercise price of \$15.216 until the date which is 24 months following completion of the Amalgamation.

(2) Each MediPharm Existing Warrant entitles the holder to acquire one MediPharm Share at an exercise price of \$6.00 until the date which is 24 months following completion of the Amalgamation.

(3) Each MediPharm Existing Broker Warrant entitles the holder to acquire at an exercise price of \$3.72 one MediPharm Share and one MediPharm Existing Warrant until the date which is 24 months following the completion of the Amalgamation.

(4) Each MediPharm Broker Warrant entitles the holder to acquire one MediPharm Unit at an exercise price of \$10.778 until the date which is 24 months following completion of the Amalgamation. Each MediPharm Unit consists of one MediPharm Share and one-half of one MediPharm Warrant.

(5) The MediPharm Notes carry an interest rate of 8% per annum compounded monthly and have a maturity date of December 31, 2018. The MediPharm Notes will be automatically converted immediately prior to the Amalgamation at a conversion rate of \$3.00 per MediPharm Share.

(6) Each MediPharm Option is exercisable into one MediPharm Share at a price of \$3.00.

### PRIOR SALES

The following table sets forth the number and price at which securities of MediPharm have been sold within the 12 month period prior to the date of this Filing Statement:

Date	Number and Type of Security	Issue Price per Security	Aggregate Issue Price	Consideration Received
January 2, 2017	370,000 MediPharm Shares	\$2.00	\$740,000	Cash
January 2, 2017	45,000 MediPharm Shares	\$2.00	\$90,000	Services
October 6, 2017	\$1,315,000 in principal aggregate amount of MediPharm Notes <sup>(1)</sup>	N/A	\$1,315,000	Cash
December 27, 2018, 2017	1,039,831 MediPharm Shares	\$3.00	\$3,119,493	Cash
December 27, 2017	148,710 MediPharm Shares	\$3.00	\$446,130	Services
March 22, 2018	796,709 MediPharm Shares and 796,709 MediPharm Existing Warrants <sup>(2)</sup>	\$3.72	\$2,963,757.48	Cash
June 1, 2018	432,275 MediPharm Units <sup>(3)</sup>	\$10.778	\$4,659,027.61	Cash
June 29, 2018	1,638,296 MediPharm Units <sup>(3)</sup>	\$10.778	\$17,657,554.28	Cash

(1) The MediPharm Notes carry an interest rate of 8% per annum compounded monthly and have a maturity date of December 31, 2018. The MediPharm Notes will be automatically converted immediately prior to the Amalgamation at a conversion rate of \$3.00 per MediPharm Share.

(2) Each MediPharm Existing Warrant entitles the holder to acquire one MediPharm Share at an exercise price of \$6.00 until the date which is 24 months following completion of the Amalgamation.

(3) Each MediPharm Unit consists of one MediPharm Share and one-half of one MediPharm Warrant, with each whole MediPharm Warrant entitling the holder to acquire one MediPharm Share at an exercise price of \$15.216 until the date which is 24 months following completion of the Amalgamation.

### **STOCK EXCHANGE PRICE**

The MediPharm Shares are not listed or publicly traded on any stock exchange.

### **NON-ARM'S LENGTH PARTY TRANSACTIONS**

Since its formation, MediPharm has not acquired any assets or services from (i) any director, officer or promoter of MediPharm; (ii) any party disclosed in this Filing Statement as a principal security holder; or (iii) an Associate or Affiliate of any of the persons or companies referred to in sections (i) or (ii).

### **Legal Proceedings**

To the knowledge of MediPharm, there are no legal proceedings material to MediPharm to which MediPharm is a party or of which any of its properties are the subject matter, nor are any such proceedings known to MediPharm to be contemplated.

### **AUDITORS**

The auditors of MediPharm are Dale Matheson Carr-Hilton Labonte LLP, 1500 - 1140 West Pender Street, Vancouver, BC V6E 4G1.

### **REGISTRAR AND TRANSFER AGENT**

There is no registrar and transfer agent currently appointed in respect of the MediPharm Shares.

### **MATERIAL CONTRACTS**

There are no contracts of MediPharm, other than contracts entered into in the ordinary course of business, that are material to MediPharm and that were entered into by MediPharm since the date of formation of MediPharm and are still in effect, other than as set forth below:

- Master Agreement;
- Agreement of Purchase and Sale dated May 25, 2018 between MPL Property Holdings Inc. and PBM Realty Holdings Inc.; and
- Licence No. 10-MM0749/2018 granted to MediPharm by Health Canada pursuant to the ACMPR.

See “Part II: Information Concerning MediPharm – The Transaction” and “Part II: Information Concerning MediPharm – Narrative Description of the Business”.

Copies of each of the above agreements may be inspected at any time up to the Effective Date during normal business hours, at the business office of MediPharm at 151 John Street, Barrie, Ontario, L4N 2L1.

**Risk Factors**

See “*Resulting Issuer – Risk Factors*”.

## PART IV - INFORMATION CONCERNING THE RESULTING ISSUER

The Transaction will result in all of the issued and outstanding MediPharm Shares being acquired by the Resulting Issuer, such that following the Effective Date, MediPharm shall be a wholly-owned subsidiary of the Resulting Issuer. The following information is presented assuming completion of the Transaction, and is reflective of the projected business, financial and share capital position of the Resulting Issuer assuming the completion thereof. This section only includes information respecting the Resulting Issuer, on a consolidated basis, after the Transaction that is materially different from information provided earlier in this Filing Statement. See the various headings under “*Part I: Information Concerning POCML4*” and “*Part II: Information Concerning MediPharm*” for additional information regarding POCML4 and MediPharm, respectively. See also the pro forma consolidated financial statements of the Resulting Issuer attached hereto as Schedule “C”.

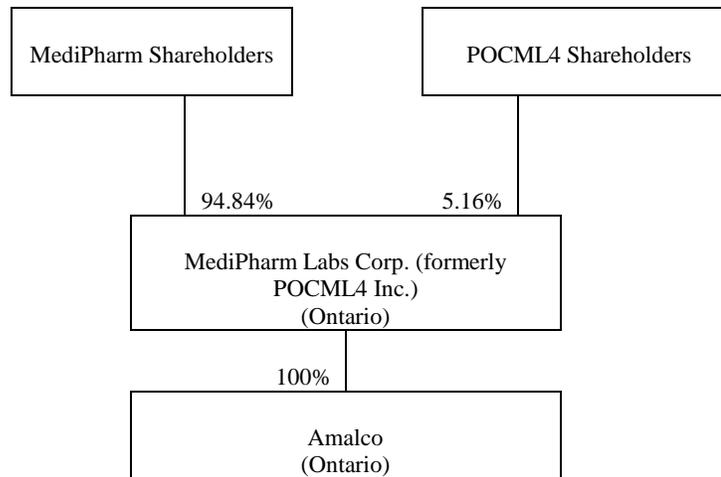
### NAME AND INCORPORATION

Following the Transaction, the Resulting Issuer will continue to exist under the OBCA under the name “MediPharm Labs Corp.” or such other name as shall be determined by MediPharm and as shall be acceptable to the Ontario Ministry of Government and Consumer Services and the TSXV.

Following the Transaction, the registered and head offices of the Resulting Issuer will be located at 151 John Street, Barrie, Ontario, L4N 2L1.

### INTER-CORPORATE RELATIONSHIPS

Upon completion of the Transaction as contemplated hereby, and subject to the assumptions set forth herein, the corporate organization chart for the Companies is expected to be as follows:



Upon completion of the Transaction and assuming: (i) an aggregate of 96,845,791 POCML4 Post-Consolidation Shares are issued in consideration for all MediPharm Shares acquired by POCML4 pursuant to the Transaction (including MediPharm Shares issued on conversion of the MediPharm Notes immediately prior to the Effective Time, assumed for the purposes of this Filing Statement to take place on September 15, 2018); (ii) there are 5,000,000 POCML4 Post-Consolidation Shares issued and outstanding immediately prior to the Amalgamation; (iii) there are an aggregate of 464,480 MediPharm Options, 796,709 MediPharm Existing Warrants, 47,043 MediPharm Existing Broker Warrants, 1,035,261 MediPharm Warrants and 118,960 MediPharm Broker Warrants, and no other convertible securities of MediPharm, outstanding immediately prior to the closing of the Transaction and following

conversion of the MediPharm Notes; and (v) there are an aggregate of 570,000 POCML4 Post-Consolidation Shares issuable upon the exercise of POCML4 Options and POCML4 Broker Warrants outstanding immediately following the completion of the Consolidation and prior to the Amalgamation, there are expected to be an aggregate of 96,845,791 POCML4 Post-Consolidation issued and outstanding, and 129,990,407 POCML4 Post-Consolidation Shares outstanding on a fully diluted basis. The following table summarizes the distribution of POCML4 Post-Consolidation Shares following the completion of the Transaction based upon the foregoing assumptions:

Shareholders	Number of POCML4 Post-Consolidation Shares	Percentage of Resulting Issuer on a Pro Forma Basis
POCML4 Shareholders	5,000,000	5.16%
MediPharm Shareholders	91,845,791 <sup>(1)</sup>	94.84%

(1) Issued at a deemed price of \$0.85.

### **Narrative Description of the Business**

Following the Transaction, the Resulting Issuer is expected to focus upon the cannabis oil operations of MediPharm.

See “*Part II: Information Concerning MediPharm – General Development of the Business*”.

### **Stated Business Objectives**

MediPharm strives to be “a connector” in the cannabis industry. MediPharm is a pioneer in Canada, with the distinction of being the first in the country to become a Health Canada-approved licensed producer (or “LP”) of cannabis oil without first receiving a cannabis cultivation license. MediPharm’s mandate is to offer extraction services and purified cannabis concentrates to existing cannabis operations, so that they can focus on their own cultivation. MediPharm provides business-to-business contract processing of cannabis to Canadian authorized licensed producers and appropriate international growers, supplying integrity-assured cannabis oil to qualified companies for sale under their own brand. In addition, MediPharm will supply raw materials, formulations, processing and packaging for the creation of ready-to-sell advanced derivative products. Finally, MediPharm intends to sell direct to certain retailers, such as the Ontario Cannabis Store.

See “*Part IV: Information Concerning the Resulting Issuer - Available Funds*”.

### **Competitive Advantages and Challenges**

Although the Resulting Issuer will be a relatively small corporation in a large and competitive industry, it is also expected to have certain competitive advantages over some of the larger industry participants. For example, as a small corporation, the Resulting Issuer will be able to react to opportunities in an expeditious manner. The Resulting Issuer will also have an experienced and qualified management team, especially with regard to the extraction of cannabis oil and related products, and related financing matters.

### **DESCRIPTION OF SECURITIES**

Following completion of the Transaction, the securities of the Resulting Issuer will have the same characteristics as those of POCML4 after giving effect to the Consolidation. The Resulting Issuer will be

authorized to issue an unlimited number of POCML4 Post-Consolidation Shares. Holders of POCML4 Post-Consolidation Shares will be entitled to receive notice of any meetings of shareholders of the Resulting Issuer, and to attend and to cast one vote per POCML4 Post-Consolidation Share at all such meetings. Holders of POCML4 Post-Consolidation Shares will not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the POCML4 Post-Consolidation Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of POCML4 Post-Consolidation Shares will be entitled to receive on a pro rata basis such dividends on the POCML4 Post-Consolidation Shares, if any, as and when declared by the board of directors of the Resulting Issuer at its discretion from funds legally available therefor, and upon the liquidation, dissolution or winding up of the Resulting Issuer will be entitled to receive on a pro rata basis the net assets of the Resulting Issuer after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of POCML4 Post-Consolidation Shares with respect to dividends or liquidation. The POCML4 Post-Consolidation Shares will not carry any preemptive, subscription, redemption or conversion rights, nor will they contain any sinking or purchase fund provisions.

See also “*Part I: Information Concerning POCML4 – Description of Securities*”.

#### **PRO FORMA CONSOLIDATED CAPITALIZATION**

The following table sets forth the capitalization of the Resulting Issuer as at September 15, 2018, assuming completion of the Transaction, based upon the pro forma consolidated financial statements of the Resulting Issuer attached to this Filing Statement as Schedule “C”. See also “*Part IV: Information Concerning The Resulting Issuer – Escrowed Securities*” below.

<b>Designation of Security</b>	<b>Amount Authorized or to be Authorized</b>	<b>Amount outstanding after giving effect to the Transaction <sup>(1)</sup></b>
POCML4 Post-Consolidation Shares	Unlimited	96,845,791
Resulting Issuer Options/POCML4 Options <sup>(2)</sup>	N/A	6,389,606
POCML4 Broker Warrants <sup>(3)</sup>	N/A	70,000
Resulting Issuer Warrants <sup>(4)</sup>	N/A	13,127,111
Resulting Issuer Replacement Broker Warrants <sup>(5)</sup>	N/A	596,505
Resulting Issuer Replacement Warrants <sup>(6)</sup>	N/A	10,102,270
MediPharm Broker Warrants <sup>(7)</sup>	N/A	1,508,412

(1) Calculations are based upon the following assumptions: (i) an aggregate of 91,845,791 Post-Consolidation Shares are issued in consideration for all MediPharm Shares acquired by POCML4 pursuant to the Transaction (including MediPharm Shares issued on conversion of the MediPharm Notes immediately prior to the Effective Time, which is assumed for the purposes of this Filing Statement to take place on September 15, 2018); (ii) there are 5,000,000 POCML4 Post-Consolidation Shares issued and outstanding immediately prior to the Amalgamation; (iii) there are an aggregate of 464,480 MediPharm Options, 796,709 MediPharm Existing Warrants, 47,043 MediPharm Existing Broker Warrants, 1,035,261 MediPharm Warrants and 118,960 MediPharm Broker Warrants, and no other convertible securities of MediPharm, outstanding immediately prior to the closing of the Transaction and following conversion of the MediPharm Notes; and (v) there are an aggregate of 570,000 POCML4 Post-Consolidation Shares issuable upon the exercise of POCML4 Options and POCML4 Broker Warrants outstanding immediately following the completion of the Consolidation and prior to the Amalgamation.

(2) Includes (i) 5,889,606 Resulting Issuer Options, each entitling the holder to acquire one POCML4 Post-Consolidation Share at an exercise price of \$0.2366 and (ii) 500,000 POCML4 Options, each entitling the holder to acquire one POCML4 Post-Consolidation Share at a price of \$0.20.

(3) Each POCML4 Broker Warrant to entitle the holder to acquire one POCML4 Post-Consolidation Share at a price of \$0.20 per share (on a post-Consolidation basis) until February 9, 2020.

(4) Each Resulting Issuer Warrant to entitle the holder to acquire one POCML Post-Consolidation Share at a price of \$1.20 until the date that is 24 months following the completion of the Amalgamation.

(5) Each Resulting Issuer Replacement Broker Warrant to entitle the holder to acquire one POCML Post-Consolidation Share and one Resulting Issuer Replacement Warrant at an exercise price of \$0.47 until the date that is 24 months following the completion of the Amalgamation.

(6) Each Resulting Issuer Replacement Warrant to entitle the holder thereof to acquire one POCML4 Post-Consolidation at a price of \$0.47 per one POCML4 Post-Consolidation Share until the date that is 24 months following the completion of the Amalgamation.

(7) Each MediPharm Broker Warrant to entitle the holder to acquire one POCML4 Post-Consolidation Share and one-half of one Resulting Issuer Warrant at an exercise price of \$0.85 per one POCML4 Post-Consolidation Share and one-half of one Resulting Issuer Warrant, until the date which is 24 months following the completion of the Amalgamation.

### PRO FORMA FULLY DILUTED SHARE CAPITAL

The following table sets forth the fully diluted share capitalization of the Resulting Issuer as at September 15, 2018, assuming completion of the Transaction:

Designation of Security	Number of fully diluted securities outstanding after giving effect to the Transaction <sup>(1)</sup>	Percentage of fully diluted securities outstanding after giving effect to the Transaction
POCML4 Post-Consolidation Shares	96,845,791	74.50%
Resulting Issuer Options <sup>(2)</sup>	6,389,606	4.92%
POCML4 Broker Warrants <sup>(3)</sup>	70,000	0.05%
Resulting Issuer Warrants <sup>(4)</sup>	13,127,111	10.10%
Resulting Issuer Replacement Broker Warrants <sup>(5)</sup>	1,193,010	0.92%
Resulting Issuer Replacement Warrants <sup>(6)</sup>	10,102,270	7.77%
MediPharm Broker Warrants <sup>(7)</sup>	2,262,619	1.74%
<b>TOTALS</b>	<b>129,990,407</b>	<b>100.00%</b>

(1) Calculations are based upon the following assumptions: (i) an aggregate of 91,845,791 Post-Consolidation Shares are issued in consideration for all MediPharm Shares acquired by POCML4 pursuant to the Transaction (including MediPharm Shares issued on conversion of the MediPharm Notes immediately prior to the Effective Time, which is assumed for the purposes of this Filing Statement to take place on September 15, 2018); (ii) there are 5,000,000 POCML4 Post-Consolidation Shares issued and outstanding immediately prior to the Amalgamation; (iii) there are an aggregate of 464,480 MediPharm Options, 796,709 MediPharm Existing Warrants, 47,043 MediPharm Existing Broker Warrants, 1,035,261 MediPharm Warrants and 118,960 MediPharm Broker Warrants, and no other convertible securities of MediPharm, outstanding immediately prior to the closing of the Transaction and following conversion of the MediPharm Notes; and (v) there are an aggregate of 570,000 POCML4 Post-Consolidation Shares issuable upon the exercise of POCML4 Options and POCML4 Broker Warrants outstanding immediately following the completion of the Consolidation and prior to the Amalgamation.

(2) Includes (i) 5,889,606 Resulting Issuer Options, each entitling the holder to acquire one POCML4 Post-Consolidation Share at an exercise price of \$0.2366 and (ii) 500,000 POCML4 Options, each entitling the holder to acquire one POCML4 Post-Consolidation Share at a price of \$0.20.

(3) Each POCML4 Broker Warrant to entitle the holder to acquire one POCML4 Post-Consolidation Share at a price of \$0.20 per share (on a post-Consolidation basis) until February 9, 2020.

(4) Each Resulting Issuer Warrant to entitle the holder to acquire one POCML Post-Consolidation Share at a price of \$1.20 until the date that is 24 months following the completion of the Amalgamation.

(5) Each Resulting Issuer Replacement Broker Warrant to entitle the holder to acquire one POCML Post-Consolidation Share and one Resulting Issuer Replacement Warrant at an exercise price of \$0.47 until the date that is 24 months following the completion of the Amalgamation.

(6) Each Resulting Issuer Replacement Warrant to entitle the holder thereof to acquire one POCML4 Post-Consolidation at a price of \$0.47 per one POCML4 Post-Consolidation Share until the date that is 24 months following the completion of the Amalgamation.

(7) Each MediPharm Broker Warrant to entitle the holder to acquire one POCML4 Post-Consolidation Share and one-half of one Resulting Issuer Warrant at an exercise price of \$0.85 per one POCML4 Post-Consolidation Share and one-half of one Resulting Issuer Warrant, until the date which is 24 months following the completion of the Amalgamation

### AVAILABLE FUNDS

Assuming that the expenses of the Transaction are \$300,000, following the Transaction, the Resulting Issuer expects to have funds available as set forth below, based upon the current financial position of each of POCML4 and MediPharm:

Source	Amount
Estimated working capital of POCML4 as of June 30, 2018	\$496,411 <sup>(1)</sup>
Estimated working capital of MediPharm as of June 30, 2018	\$20,907,891 <sup>(2)</sup>
Less estimated expenses of the Transaction	(\$500,000)
<b>Total available funds</b>	<b>\$20,904,302</b>

(1) Excludes certain expenses of the Transaction, which have been captured below.

(2) Includes the net proceeds from the Private Placement.

### PRINCIPAL PURPOSES OF FUNDS

The primary purposes of the Transaction are to obtain additional equity capital, create a public market for the MediPharm Shares, provide additional working capital in order to execute on the Resulting Issuer's future business strategies and facilitate future access by the Resulting Issuer to financing opportunities. The principal purposes for which the available funds of the Resulting Issuer as set forth above are expected to be used during the twelve-month period following the Transaction are described below:

<b>Estimated Use of Funds</b>	<b>Amount</b>
Completion of facility expansion	\$ 2,000,000
Continued Licensing	\$ 150,000
Marketing	\$ 350,000
Capital Equipment	\$ 2,400,000
Extraction Line	\$ 2,400,000
Building Purchase	\$ 2,650,000
Australia Expansion	\$ 1,250,000
Joint Venture Funding and Brand Licenses	\$ 1,250,000
Manitoba Retail (Phase 1)	\$ 200,000
Supply (Dry Cannabis)	\$ 6,000,000
Operating Capital	\$ 2,254,302
Total	\$ 20,904,302

See “*Part IV: Information Concerning The Resulting Issuer – Available Funds*”.

The Resulting Issuer intends to spend the funds available to it during the twelve month period following the Transaction as stated in this Filing Statement. There may be circumstances, however, where, for sound business reasons, a reallocation of funds may be necessary. See “*Risk Factors*”.

#### **DIVIDENDS**

No dividends on the POCML4 Shares have been paid by POCML4 to date. Payment of any future dividends following completion of the Transaction will be at the discretion of the board of directors of the Resulting Issuer after taking into account many factors, including the Resulting Issuer’s operating results, financial condition and current and anticipated cash needs.

#### **PRINCIPAL SECURITY HOLDERS**

To the knowledge of the directors and officers of MediPharm and POCML4, upon the completion of the Transaction as described herein, no person will beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of voting rights attached to each class of the then outstanding POCML4 Post-Consolidation Shares.

## DIRECTORS AND OFFICERS

The following chart sets forth the name, municipality of residence, proposed position with the Resulting Issuer and principal occupation during the prior five years of each individual who is proposed to be a director or executive officer of the Resulting Issuer following the Transaction, and the number of POCML4 Post-Consolidation Shares anticipated to be owned by each of such individuals immediately following the Transaction. Each director of the Resulting Issuer will hold office until his successor is elected at the next annual meeting of the Resulting Issuer, or any adjournment thereof, or until his successor is elected or appointed. Assuming completion of the Transaction as described herein, the directors and officers as a group are anticipated to beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 14,571,912 POCML4 Post-Consolidation Shares (representing approximately 15% of all issued and outstanding POCML4 Post-Consolidation Shares immediately post-closing).

<b>Name, Age and Municipality of Residence</b>	<b>Proposed Positions to be Held</b>	<b>Director Since</b>	<b>Principal Occupation During the Preceding Five Years<sup>(1)</sup></b>	<b>POCML4 Post-Consolidation Shares to be Held<sup>(2)</sup></b>
Patrick McCutcheon, 38, Oro-Medonte, ON	Director, President and CEO	2018	Pharmaceutical Marketing and Sales	8,062,164
Keith Strachan, 33, Barrie, ON	Director and VP, Business Development	2018	Healthcare Business Development	6,340,000
Christopher Hobbs, 51, Oakville, ON	Director and Chief Financial Officer	2018	Accountant and Executive	0
Marufur Raza, 42, Toronto, ON	Director	2018	Accountant and Executive	85,210
Miriam McDonald, 67, Sudbury, ON	Director	2018	Director of Pharmacies	84,537
Sybil Taylor, 54, Innisfil, ON	Chief Marketing Officer	N/A	Chief Marketing Officer / Director of Marketing	117,645
Michael Perron, 33, Toronto, ON	Director of Global Business Development	N/A	Management Consultant	17,650
Ahmed Shehata, 37, Barrie, ON	General Counsel	N/A	Lawyer	3,170,000
Paul Hamelin, 62, Tiny, ON	Director of Security	N/A	Police and Security Consultant / Chief of Midland Police	780,594
Christopher Talpas, 53, Milton, ON	Director of Quality Assurance	N/A	Director of Manufacturing Science	126,800
Warren Everett, 40, Wonthaggi, Victoria, Australia	Director of MediPharm Australia	N/A	Executive	0

- (1) To the knowledge of each of the proposed directors and officers of the Resulting Issuer, each of the entities listed continues to carry on business as of the date of this Filing Statement.
- (2) Calculated based upon the securities of each of POCML4 and MediPharm beneficially owned, controlled or directed by such persons as of the date of this Filing Statement, after giving effect to the Transaction, as contemplated in this Filing Statement. The information as to the number of securities beneficially owned, controlled or directed, not being within the knowledge of MediPharm or POCML4, has been obtained from the persons listed individually.
- (3) Proposed to be a member of the audit committee of the Resulting Issuer following the Transaction. See "*Part IV: Information Concerning the Resulting Issuer - Committees of the Board of Directors*" below.

A brief description of each of the directors and executive officers of the Resulting Issuer proposed to serve following the completion of the Transaction follows.

### **Patrick McCutcheon, Director and President & CEO**

Before founding MediPharm, Pat enjoyed a 15-year career in the pharmaceutical industry in top sales roles, successfully launching a wide range of medical products. He most recently worked at Jansen Pharmaceuticals (Johnson & Johnson) where he led the Hospital Division for Renal and Mental Health products. Pat's foresight in creating a business that focuses on advanced cannabis concentrates bodes well for medical research, investors and consumers alike. Pat holds an HBSc (Biology) degree from the University of Western Ontario.

### **Keith Strachan, Director and Vice President Business Development**

Keith is a supply chain management expert having held various procurement positions in different governmental ministries and agencies including correctional services, policing, transportation and healthcare. Keith has operated a business development consulting practice, specializing in Public Sector RFP and government contracts, compliance for government licensing and local planning. Keith has a passion for entrepreneurship with ownership in several companies in the hospitality industry.

### **Christopher Hobbs, Director and Chief Financial Officer**

Over past 18 years, Chris has acted as Chief Financial Officer for several private and public companies operating in the resource, health sciences and technology sectors. Christopher is a member of the Chartered Accountants of Ontario and holds a Bachelor of Business Administration from the Schulich School of Business at York University.

### **Marufur Raza, Director**

Marufur serves as an advisor to public companies and private companies planning on going public through direct initial public offerings or reverse mergers. Marufur is one of the leaders of MNP LLP's ACMPR team. His principal role has been auditing these companies as well as assisting them in their going public process. He has also helped in securing financing for some of the companies in this sector. Marufur is considered a thought leader in the practical application of the IFRS biological asset standard and measurement of fair value of the assets. He has experience with the medical marijuana sector internationally and has assisted with these companies listing in Canada. Marufur has helped numerous Canadian and international companies go public in Canada. He has worked around the globe, with a special focus on Latin America and Africa and specializes in helping finance these companies in Canada, either through public or private transactions. Marufur has extensive experience working with clients in the technology, mining, pharmaceutical and gaming sectors. He is also involved with investment funds and Exempt Market Dealers. Marufur is a Chartered Professional Accountant (CPA), qualifying as a

Chartered Accountant (CA) in 2001. He currently serves on the PDAC-CPA Canada joint Mining Task Force for IFRS. He also serves as a director to several TSX and TSXV listed companies.

**Miriam McDonald, Director**

Miriam is currently the Director of Pharmacy at Health Sciences North, Northern Ontario's largest hospital located in Sudbury. She holds a Bachelor of Science in Pharmacy from the University of Toronto and a Master of Science in Pharmacology from Queens University. Her career has encompassed positions as the Executive Director of Community Development at the Northern Ontario School of Medicine, and CEO of the Northeastern Ontario Medical Education Corporation (NOMECE) wherein she worked throughout northern Ontario to facilitate community-based medical clinical education. She also served as Director of Planning and Development of Cambrian College, Executive Director of Cambrian Foundation, and Director of Pharmacy, Director of Rehabilitation Services and Assistant Executive Director of Therapeutic Services at Laurentian Hospital. Miriam was Project Coordinator for the planning and construction of the Glenn Crombie Special Needs Centre, the Northern Centre for Advanced Technology (NORCAT), and the Northeastern Cancer Centre. She is the author and co-author of a number of health-related papers and studies and is very active in the community both on a personal and professional level. Miriam has been recognized by Northern Ontario Business as a "Woman of Influence", was the recipient of the Sudbury Business and Professional Women's Club highest honour – the Bernardine Yackman Award, and has served on the Women's Health Council of Ontario and Ontario Judicial Appointment Advisory Committee. Raised in northern Ontario, her strongest interest is in projects that address accessibility to health, education and information technology in northern Ontario.

**Sybil Taylor, Chief Marketing Officer**

A 25-year marketing veteran, Sybil has brought premium consumer brands to life by developing innovative customer-focused marketing strategies. She launched Steam Whistle Pilsner in 2000 as a pioneering upstart and helped it grow to the largest craft beer brand in Canada. As CMO at Nuuvera Canada, Sybil was a senior contributor to this Canadian Cannabis start-up via strategic planning and brand development for medical and recreational brands. Sybil has been part of senior teams in two of Canada's Best Managed Companies, and through CSR initiatives, she has brought numerous awards and public profile to her managed brands.

**Mike Perron, Director of Global Business Development**

Mike has spent over 10 years in professional services focused in Management Consulting, Enterprise Risk, and Transaction Advisory Services, working in the US and Canada. He has served as a national advisory services lead supporting the cannabis industry, and has been a key advisory with numerous Licensed Producers, Licensed Producer applicants, and ancillary cannabis businesses. Mike has attained the Certified Public Accountant (CPA) designation and obtained his Masters of Accounting (MAcc) from the University of Southern California. In addition, Michael is an alumnus of the Governor Generals Canadian Leadership Conference (GGCLC).

**Ahmed Shehata, General Counsel and Head of Corporate Development**

Ahmed comes to MediPharm after having spent the previous 8 years working in the Business Law Group in the Bay Street office of one of the world's largest law firms where his practice consisted of securities law, mergers and acquisitions, corporate finance and general corporate and commercial law. Ahmed has acted as external counsel for numerous cannabis companies and has been involved in a legal advisory role in the going public transactions of cannabis companies as well as companies in several other industries.

He holds a Juris Doctor Law Degree from Osgoode Hall Law School and a Bachelor of Commerce Honours Degree from the Queen’s University School of Business.

**Paul Hamelin, Director of Security**

Paul has a 35-year career in policing and is dedicated to serving fellow citizens and advancing policing as a profession. He has successfully built bridges between community groups and the Ontario government, and is currently the Executive Director of Ontario Police Technology Information Co-operative. Paul is the former president of the Ontario Association of Chiefs of Police.

**Dr. Christopher Talpas, Director of Quality Control and Assurance**

Christopher has 24 years of experience in the bio-pharmaceutical field, having been involved in all aspects of development from bench-top to commercial manufacture. After completing his BSc. and Doctorate degrees in Biochemistry, Chris joined Hemosol as a research scientist and then transitioned into the Process Development group where he worked on scaling up the manufacturing process to support clinical manufacturing of a haemoglobin-based blood substitute. Thereafter, Chris managed the clinical manufacturing plant. An expert in Chromatography, Dr. Talpas comes to MediPharm with a wealth of expertise in the qualification and validation of complex processes and equipment, as well as the development and maintenance of quality systems, having just served as the Director of Manufacturing Sciences at Therapure Biopharma.

**Warren Everitt, Director, MediPharm Australia**

Warren brings a wealth of senior leadership to MediPharm Australia, having achieved success through building presence in Asia Pacific for a leading international digital marketing agency. Warren boasts a 15-year history in sales and marketing, consulting to some of the biggest companies in the world.

**Other Reporting Issuer Experience**

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

<b>Name</b>	<b>Name and Jurisdiction of Reporting Issuer</b>	<b>Name of Trading Market</b>	<b>Position</b>	<b>From</b>	<b>To</b>
Marufur Raza	White Gold Corp. British Columbia, Alberta, Ontario	TSXV	Director	2015	Present
Marufur Raza	Anaconda Mining Inc. British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland	TSX	Director	2012	Present
Marufur Raza	Pan African Oil Ltd. British Columbia, Alberta, Ontario	TSXV	Director	2013	2015

<b>Name</b>	<b>Name and Jurisdiction of Reporting Issuer</b>	<b>Name of Trading Market</b>	<b>Position</b>	<b>From</b>	<b>To</b>
Christopher Hobbs	Lithium Energi Exploration Inc. British Columbia, Alberta, Ontario	TSXV	Director and Chief Financial Officer	2012	Present
Christopher Hobbs	Walker River Resources Corp. British Columbia, Alberta	TSXV	Director and Chief Financial Officer	2017	Present
Christopher Hobbs	Smooth Rock Ventures Corp. British Columbia, Alberta, Quebec	TSXV	Director and Chief Financial Officer	2010	Present
Christopher Hobbs	Power Americas Minerals Corp. British Columbia, Alberta, Ontario	TSXV	Director and Chief Financial Officer	2016	Present

### **Committees of the Board of Directors**

It is anticipated that following the conclusion of the Transaction, the only standing committees of the board of directors of the Resulting Issuer will be the audit committee, which is expected to be comprised of Christopher Hobbs, Miriam McDonald and Marufur Raza and the compensation committee, which is expected to be comprised of Pat McCutcheon, Keith Strachan and Christopher Hobbs.

### **Corporate Cease Trade Orders or Bankruptcies, Penalties and Sanctions, and Personal Bankruptcies**

To the knowledge of POCML4 and MediPharm:

- (a) none of the individuals who are proposed to serve as directors or officers of the Resulting Issuer following the Transaction (the “**Proposed Principals**”), within 10 years before the date of this Filing Statement, has been, a director, officer or promoter of any person or company that, while that person was acting in that capacity, (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or (b) 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;
- (b) none of the Proposed Principals have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement agreement with a securities regulatory authority; or been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Transaction; and

- (c) none of the Proposed Principals, or a personal holding company of any such persons has, within the 10 years before the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or promoter.

### **Conflicts of Interest**

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the completion of the Transaction are also directors, officers and/or promoters of other reporting and non-reporting issuers. Otherwise, as of the date of this Filing Statement and to the knowledge of management of POCML4 and the management of MediPharm, no existing or potential material conflicts of interest exist presently or will exist between the Resulting Issuer or a subsidiary of the Resulting Issuer and any proposed director, officer or promoter of the Resulting Issuer or a subsidiary of the Resulting Issuer following completion of the Transaction, other than as disclosed elsewhere in this Filing Statement. See “*Resulting Issuer Risk Factors*”.

Conflicts, if any, will be subject to the procedures and remedies prescribed by the OBCA, the TSXV and applicable securities law, regulations and policies. See “*Part IV: Information Concerning the Resulting Issuer – Directors and Officers*”.

### **STOCK OPTIONS**

As of the date of this Filing Statement, it is anticipated that an aggregate of 500,000 stock options of POCML4 and 464,480 stock options of MediPharm will be outstanding immediately pre-closing, resulting in an aggregate of 6,389,606 POCML4 Post-Consolidation Shares being reserved for issuance upon exercise of stock options immediately following the completion of the Transaction. See also “*Part I: Information Concerning POCML4 – Stock Options Granted*” and “*Part II: Information Concerning MediPharm – Stock Options Granted*”.

The following table provides information as to options of the Resulting Issuer that, as of the date of this Filing Statement are expected to be outstanding immediately following the completion of the Amalgamation:

<b>Category of Optionholder</b>	<b>Number of Options to Acquire POCML4 Post-Consolidation Shares Held as a Group<sup>(1)</sup></b>	<b>Purchase Price</b>	<b>Expiration Dates</b>
Officers of the Resulting Issuer	2,409,200	\$0.2366	January 2, 2023
	634,000	\$0.2366	April 30, 2023
Employees of the Resulting Issuer	1,204,600	\$0.2366	January 2, 2023
	1,641,806	\$0.2366	April 30, 2023
Non-executive consultants of the Resulting Issuer	0	N/A	N/A
Former directors or officers of POCML4	500,000 <sup>(2)(3)</sup>	\$0.20	February 6, 2023

Notes:

- (1) All amounts stated on a post-Consolidation basis.
- (2) All past officers of the Resulting Issuer (David D'Onofrio) as a group will hold options to purchase 225,000 POCML4 Post-Consolidation Shares.
- (3) All past directors of the Resulting Issuer who are not also past officers of the Resulting Issuer (Adam Parsons and Pasquale DiCapo) as a group will hold options to purchase 275,000 POCML4 Post-Consolidation Shares.

## **RESULTING ISSUER OPTION PLAN**

In connection with and conditional upon the Completion of the Qualifying Transaction, POCML4 proposes to terminate its existing stock option plan and establish the Resulting Issuer Option Plan to provide long term incentives to eligible persons.

The Option Plan provides that the board of directors may from time to time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and consultants of the Resulting Issuer and its affiliates, non-transferable options to purchase POCML4 Post-Consolidation Shares for a period of up to ten years from the date of the grant provided that the number of POCML4 Post-Consolidation Shares reserved for issuance may not exceed 10% of the total issued and outstanding POCML4 Post-Consolidation Shares at the date of the grant.

The purpose of the Resulting Issuer Option Plan, pursuant to which the Resulting Issuer may grant incentive stock options, is to promote the profitability and growth of the Resulting Issuer by facilitating the efforts of the Resulting Issuer to obtain and retain key individuals. The Resulting Issuer Option Plan provides an incentive for and encourages ownership of the POCML4 Post-Consolidation Shares by its key individuals so that they may increase their stake in the Resulting Issuer and benefit from increases in the value of the POCML4 Post-Consolidation Shares.

Pursuant to the Resulting Issuer Option Plan, the maximum number of POCML4 Post-Consolidation Shares reserved for issuance in any 12-month period to any one optionee other than a consultant may not exceed 5% of the issued and outstanding POCML4 Post-Consolidation Shares at the date of the grant. The maximum number of POCML4 Post-Consolidation Shares reserved for issuance in any 12 month period to any consultant may not exceed 2% of the issued and outstanding POCML4 Post-Consolidation Shares at the date of the grant and the maximum number of POCML4 Post-Consolidation Shares reserved for issuance in any 12 month period to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding number of POCML4 Post-Consolidation Shares at the date of the grant.

Incentive stock options may be exercised until the earlier of: (a) the expiry time of such option; and (b) 90 days (or such other period as may be determined by the board of directors of the Resulting Issuer, provided such period is not more than one year) following the date the optionee ceases to be a director, officer or employee of the Resulting Issuer or its affiliates or a consultant or a management company employee, provided that if the cessation of such position or arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Notwithstanding the foregoing, in the event of termination for cause, all options held by such terminated optionee will be cancelled immediately.

In the event that the Resulting Issuer becomes listed on the Toronto Stock Exchange, the Resulting Issuer Stock Option Plan provides that the board of directors of the Resulting Issuer may grant options which allow an optionee to elect to exercise its option on a "cashless basis", whereby the optionee, instead of making a cash payment for the aggregate exercise price, shall be entitled to be issued such number of POCML4 Post-Consolidation Shares equal to the number which results when: (i) the difference between

the aggregate Fair Market Value of the POCML4 Post-Consolidation Shares underlying the option and the aggregate exercise price of such option is divided by (ii) the Fair Market Value of each POCML4 Post-Consolidation Share. “Fair Market Value” as defined in the Resulting Issuer Stock Option Plan means the closing price as reported by the Toronto Stock Exchange (in the event that the Resulting Issuer becomes listed on the Toronto Stock Exchange) on the last trading day immediately preceding the exercise date.

The Resulting Issuer Option Plan is a “rolling” stock option plan as the aggregate number of POCML4 Post-Consolidation Shares reserved for issuance upon the exercise of stock options pursuant to the Resulting Issuer Option Plan is such number of POCML4 Post-Consolidation Shares as is equal to 10% of the total number of POCML4 Post-Consolidation Shares issued and outstanding from time to time.

### **EXECUTIVE COMPENSATION**

Set forth in the table below is a summary of the anticipated compensation expected to be paid to each of the proposed Chief Executive Officer, Chief Financial Officer and two other executive officers of the Resulting Issuer for the 12 month period following the completion of the Transaction.

#### **Proposed Compensation Table**

<b>Name and Position</b>	<b>Period Ended</b>	<b>Salary, Consulting Fee, Retainer or Commission</b>	<b>Bonus</b>	<b>Committee or Meeting Fees</b>	<b>Value of Perquisites</b>	<b>Value of All Other Compensation</b>	<b>Total Compensation</b>
Pat McCutcheon, President and CEO	August 31, 2019	\$250,000	Nil	Nil	\$6,000	Nil	\$256,000
Christopher Hobbs, CFO	August 31, 2019	\$120,000	Nil	Nil	Nil	Nil	\$120,000
Keith Strachan, Vice President, Business Development	August 31, 2019	\$225,000	Nil	Nil	\$6,000	Nil	\$231,000
Ahmed Shehata, General Counsel and Head of Corporate Development	August 31, 2019	\$200,000	Nil	Nil	\$3,000	Nil	\$203,000

See also “*Part II: Information Concerning MediPharm – Executive Compensation*” and “*Part I: Information Concerning POCML4 – Executive Compensation*”.

#### **Composition of the Compensation Committee**

It is anticipated that the Resulting Issuer will form a Compensation Committee upon completion of the Transaction.

Each proposed member of the Compensation Committee will have been in a senior leadership position in various organizations, and in those capacities obtained direct experience relevant to executive

compensation, and has the skills and experience that enable the committee to make decisions on the suitability of the Resulting Issuer’s compensation policies and practices.

The responsibilities of the Compensation Committee are expected to include, among others:

- the establishment of key human resources and compensation policies, including all incentive and equity based compensation plans;
- the performance evaluation of the Chief Executive Officer and the Chief Financial Officer, and determination of the compensation for the Chief Executive Officer, the Chief Financial Officer and other senior executives of the Resulting Issuer;
- succession planning, including the appointment, training and evaluation of senior management; and
- compensation of directors.

The chairman of the Compensation Committee will report to the board of the Resulting Issuer on the Compensation Committee’s operations following each Compensation Committee meeting.

#### **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

Except as disclosed below, none of the current or past directors, employees or executive officers of MediPharm or POCML4, and none of the persons who are proposed to be directors, employees or executive officers of the Resulting Issuer following the completion of the Transaction, and none of the Associates of such persons, is or has been indebted to either POCML4 or MediPharm at any time during the most recently completed financial year of each of POCML4 and MediPharm, respectively, or will be indebted to the Resulting Issuer upon completion of the Transaction. Furthermore, none of such persons were indebted to a third party during such period where their indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by POCML4 or MediPharm.

#### **ESCROWED SECURITIES**

To the knowledge of MediPharm and POCML4, assuming completion of the Transaction, the following securities of the Resulting Issuer anticipated to be held by principals of the Resulting Issuer and current directors, officers and certain shareholders of POCML4 following the Effective Date will be held in escrow:

<b>Name and municipality of residence of security holder<sup>(1)</sup></b>	<b>Prior to giving effect to the Transaction</b>		<b>After giving effect to the Transaction</b>	
	<b>Number and designation of securities held in escrow</b>	<b>Percentage of class<sup>(2)</sup></b>	<b>Number and designation of securities to be held in escrow</b>	<b>Percentage of class<sup>(3)</sup></b>
The McCutcheon Family Trust Oro-Medonte, Ontario	600,000 MediPharm Shares and 100,000 options for MediPharm Shares	8.7%	8,062,164 POCML4 Post-Consolidation Shares options for POCML4 Post-Consolidation Shares	8.3%
The Strachan Family Trust Barrie, Ontario	500,000 MediPharm Shares and 90,000 options for MediPharm Shares	7.4%	6,340,000 POCML4 Post-Consolidation Shares and	6.5%

Name and municipality of residence of security holder <sup>(1)</sup>	Prior to giving effect to the Transaction		After giving effect to the Transaction	
	Number and designation of securities held in escrow	Percentage of class <sup>(2)</sup>	Number and designation of securities to be held in escrow	Percentage of class <sup>(3)</sup>
			1,141,200 options for POCML4 Post-Consolidation Shares	
Miriam McDonald Sudbury, Ontario	6,667 MediPharm Shares	0.1%	84,537,000 POCML4 Post-Consolidation Shares	0.1%
Christopher Hobbs Oakville, Ontario	50,000 options for MediPharm Shares	N/A	634,000 options for POCML4 Post-Consolidation Shares	N/A
Sybil Taylor Innisfil, Ontario	9,278 MediPharm Shares	0.1%	117,645 POCML4 Post-Consolidation Shares	0.1%
Michael Perron, Toronto, Ontario	1,392 MediPharm Shares	0.0%	17,650 POCML4 Post-Consolidation Shares	0.0%
Ahmed Shehata Barrie, Ontario	250,000 MediPharm Shares and 80,000 options for MediPharm Shares	3.7%	3,170,000 POCML4 Post-Consolidation Shares and 1,014,400 options for POCML4 Post-Consolidation Shares	3.3%
Paul Hamelin Tiny, Ontario	61,561 MediPharm Shares and 10,000 options for MediPharm Shares	0.9%	780,594 POCML4 Post-Consolidation Shares and 126,800 options for POCML4 Post-Consolidation Shares	0.8%
Christopher Talpas Milton, ON	10,000 MediPharm Shares and 10,000 options for MediPharm Shares	0.2%	126,800 POCML4 Post-Consolidation Shares and 126,800 options for POCML4 Post-Consolidation Shares	0.1%

(1) The securities beneficially owned by such persons will be held in escrow by the TSX Trust Company as escrow agent pursuant to the Escrow Agreement to be dated as of the closing of the Transaction among the Resulting Issuer, the Depository and each of The McCutcheon Family Trust, The Strachan Family Trust, Miriam McDonald, 1242564 Ontario Inc., Sybil Taylor, Michael Perron, Ahmed Shehata, Paul Hamelin, and Christopher Talpas (with respect to such securities received in exchange for MediPharm Shares held). The securities subject to the Escrow Agreement shall be released as follows: 25% will be released on the date of the Final Exchange Bulletin (the “**Bulletin Date**”); an additional 25% will be released on the date which is six months following the Bulletin Date; an additional 25% will be released on the date which is twelve months following the Bulletin Date; and the remaining 25% will be released on the date which is 18 months following the Bulletin Date.

(2) Calculated based upon 6,770,821 MediPharm Shares being outstanding immediately prior to the Effective Date and does not include options.

(3) Calculated based upon 96,845,791 POCML4 Post-Consolidation Shares issued and outstanding immediately following completion of the Transaction and does not include options.

Name and municipality of residence of security holder <sup>(1)</sup>	Prior to giving effect to the Transaction		After giving effect to the Transaction	
	Number and designation of securities held in escrow	Percentage of class <sup>(2)</sup>	Number and designation of securities to be held in escrow	Percentage of class <sup>(3)</sup>

2180447 Ontario Inc. Toronto, Ontario	700,000 POCML4 Shares	7%	350,000 POCML4 Post- Consolidation Shares	0.36%
PowerOne Capital Corp. Toronto, Ontario	7,000,000 POCML4 Shares	70%	3,500,000 POCML4 Post- Consolidation Shares	3.61%
Adam Parsons Toronto, Ontario	150,000 POCML4 Shares	1.5%	75,000 POCML4 Post- Consolidation Shares	0.08%

(1) The securities beneficially owned by such persons are held in escrow by TSX Trust Company as escrow agent pursuant to an escrow agreement dated November 14, 2017 between POCML4, the Depository and each of 1242564 Ontario Inc. (with respect to such securities held other than those received in exchange for MediPharm Shares held), 2180447 Ontario Inc., PowerOne Capital Corp. and Mr. Parsons (the “**CPC Escrow Agreement**”). The securities subject to the CPC Escrow Agreement shall be released as follows: 25% will be released on the Bulletin Date; an additional 25% will be released on the date which is six months following the Bulletin Date; an additional 25% will be released on the date which is twelve months following the Bulletin Date; and the remaining 25% will be released on the date which is 18 months following the Bulletin Date.

(2) Calculated based upon 10,000,000 POCML4 Shares being outstanding as of the date of this Filing Statement, on a pre-Consolidation basis.

(3) Calculated based upon 96,845,791 POCML4 Post-Consolidation Shares issued and outstanding immediately following completion of the Transaction.

### **Seed Share Resale Restrictions**

An aggregate of 30,248,792 POCML4 Post-Consolidation Shares held by non-principal shareholders of the Resulting Issuer held by 89 non-principal shareholders of the Resulting Issuer, will be subject to seed share resale restrictions (each, an “**SSRR**”) pursuant to TSXV Policy 5.4 - *Escrow, Vendor Consideration and Resale Restrictions*. SSRRs are TSXV hold periods of various lengths which apply where seed shares are issued to non-principals by private companies in connection with the Qualifying Transaction. The terms of the SSRRs are based on the length of time such POCML4 Post-Consolidation Shares have been held and the price at which such shares were originally issued.

### **AUDITORS**

The auditors of the Resulting Issuer will be Dale Matheson Carr-Hilton Labonte LLP located at 1500 - 1140 West Pender Street, Vancouver, BC V6E 4G1, following the Transaction.

### **REGISTRAR AND TRANSFER AGENT**

The transfer agent and registrar for the Resulting Issuer will be TSX Trust Company at its principal offices located at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, following the Transaction.

## **PART V - GENERAL MATTERS**

### **AGENTS**

PowerOne and Canaccord acted as co-lead agents for the brokered portion of the Private Placement. POCML4 may be considered to be a related or connected issuer of PowerOne as a result of the following: (i) officers and directors of PowerOne are also serving as officers and/or directors of POCML4; and (ii) an officer and director of PowerOne is also a controlling shareholder of POCML4. The terms of the Private Placement were determined by MediPharm as agreed to by the Agents, and no proceeds from the Private Placement will be specifically applied for the benefit of the Agents other than an aggregate cash commission in the amount of \$1,282,163.

### **INTERESTS OF EXPERTS**

#### **Interests of Experts**

The following opinions or reports have been described or included in this Filing Statement:

- the audit reports provided by MNP LLP, Chartered Accountants. MNP LLP does not: (a) have a direct or indirect interest in the property of POCML4, MediPharm or the expected property interests of Resulting Issuer; or (b) beneficially own, directly or indirectly, any securities of MediPharm, POCML4, or the Resulting Issuer or of an Associate or Affiliate or any of them. As of September 24, 2018, MNP LLP have reported that they are independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario; and
- the audit reports provided by Dale Matheson Carr-Hilton Labonte LLP. Dale Matheson Carr-Hilton Labonte LLP does not: (a) have a direct or indirect interest in the property of POCML4, MediPharm or the expected property interests of Resulting Issuer; or (b) beneficially own, directly or indirectly, any securities of MediPharm, POCML4, or the Resulting Issuer or of an Associate or Affiliate or any of them. As of September 24, 2018, Dale Matheson Carr-Hilton Labonte LLP have reported that they are independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

None of the aforementioned persons or companies is or is expected to be elected, appointed or employed as a director, senior officer or employee of POCML4, MediPharm, the Resulting Issuer or an Associate or Affiliate of any of them.

#### **Other Material Facts**

Neither MediPharm nor POCML4 is aware of any other material facts relating to MediPharm, POCML4 or the Resulting Issuer or to the Transaction that are not disclosed under the preceding items and are necessary in order for this Filing Statement to contain full, true and plain disclosure of all material facts relating to MediPharm, POCML4 and the Resulting Issuer, assuming completion of the Transaction, other than those set forth herein.

#### **Board Approval**

This Filing Statement has been approved by the directors of MediPharm and the directors of POCML4. Where information contained in this Filing Statement rests particularly within the knowledge of a person other than MediPharm or POCML4, each of MediPharm or POCML4, respectively, has relied upon information furnished by such person.

**PART VI - FINANCIAL STATEMENT AND MANAGEMENT'S DISCUSSION AND ANALYSIS  
REQUIREMENTS**

Attached to and forming a part of this Filing Statement are:

- Schedule "A" Annual Financial Statements of POCML4 for the period from incorporation (January 23, 2017) to September 30, 2017 and Interim Financial Statements of POCML4 for the three and nine months ended June 30, 2018.
- Schedule "B" Annual Financial Statements of MediPharm for the fiscal years ended December 31, 2016 and 2017 and Interim Financial Statements of MediPharm for the three and six months ended June 30, 2018.
- Schedule "C" Pro-Forma Consolidated Statements for the Resulting Issuer.
- Schedule "D" Management's Discussion and Analysis of POCML4 for the period from incorporation (January 23, 2017) to September 30, 2017 and for the three and nine months ended June 30, 2018.
- Schedule "E" Management's Discussion and Analysis of MediPharm for the fiscal years ended December 31, 2016 and 2017 and for the three and six months ended June 30, 2018.

**CERTIFICATE OF POCML 4 INC.**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of POCML 4 Inc., assuming completion of the Transaction.

DATED: September 24, 2018

*“David D’Onofrio”*

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David D’Onofrio, Chief Executive Officer and  
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

*“Pasquale DiCapo”*

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Pasquale DiCapo

*“Adam Parsons”*

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Adam Parsons

**CERTIFICATE OF MEDIPHARM LABS INC.**

The foregoing as it relates to MediPharm Labs Inc. (“MediPharm”) constitutes full, true and plain disclosure of all material facts relating to the securities of MediPharm.

DATED: September 24, 2018

ON BEHALF OF THE SOLE DIRECTOR

*“Patrick McCutcheon”*

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Patrick McCutcheon, Sole Director

ON BEHALF OF THE OFFICERS

*“Patrick McCutcheon”*

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Patrick McCutcheon, Chief Executive Officer

*“Christopher Hobbs”*

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Christopher Hobbs, Chief Financial Officer

## **ACKNOWLEDGEMENT OF PERSONAL INFORMATION**

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the attached Filing Statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of TSX Venture Exchange Form 3D2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the TSX-V (as defined in Appendix 6B) pursuant to TSX Venture Exchange Form 3D2; and

(b) the collection, use and disclosure of Personal Information by the TSX-V for the purposes described in Appendix 6B or as otherwise identified by the TSX-V, from time to time.

### **ON BEHALF OF THE BOARD OF DIRECTORS OF POCML 4 INC.**

DATED: September 24, 2018

*“David D’Onofrio”*

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David D’Onofrio

**SCHEDULE "A"**  
**FINANCIAL STATEMENTS OF POCML4**

See attached.

Financial Statements of

**POCML 4 INC.**

(a Capital Pool Corporation)

Condensed Interim Financial Statements

(Unaudited – prepared in Canadian Dollars)

For the Three Months and Nine Months Ended June 30, 2018

# POCML 4 INC.

## Condensed Interim Statements of Financial Position

(Unaudited - in Canadian Dollars)

As at June 30, 2018

	June 30, 2018	Sept 30, 2017 (Audited)
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 508,989	\$ 400,000
	\$ 508,989	\$ 400,000
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	\$ 12,578	\$ -
<b>Shareholders' Equity</b>		
Share capital (note 3)	\$ 557,650	\$ 400,000
Contributed surplus (note 3)	46,515	-
Deficit	(107,754)	-
	496,411	400,000
	\$ 508,989	\$ 400,000

*The accompanying notes are an integral part of these condensed financial statements*

Approved on Behalf of the Board:

*"David D'Onofrio" (signed)*

David D'Onofrio

Director

*"Adam Parsons" (signed)*

Adam Parsons

Director

# POCML 4 INC.

## Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited - in Canadian Dollars)

For the Three Months and Nine Months Ended June 30, 2018 and 2017

<b>Expenses</b>	<b>Three Months Ended June 30, 2018</b>	<b>Three Months Ended June 30, 2017</b>	<b>Nine Months Ended June 30, 2018</b>	<b>Nine Months Ended June 30, 2017</b>
Operating, general and administrative	\$ 11,949	\$ -	\$ 42,603	\$ -
Professional fees	-	-	25,142	-
Stock-based compensation	-	-	41,000	-
Loss for the period	\$ 11,949	\$ -	\$ 108,745	\$ -
Interest income	991	-	991	-
Total comprehensive loss	\$ 10,958	\$ -	\$ 107,754	\$ -

### Net loss per common share

Basic and diluted (note 6)	\$ 0.00	\$ -	\$ 0.10	\$ -
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### Weighted average number of common shares outstanding

Basic and diluted (note 6)	2,000,000	-	1,062,271	-
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The accompanying notes are an integral part of these condensed interim financial statements

# POCML 4 INC.

## Condensed Interim Statements of Changes in Equity

(Unaudited - in Canadian Dollars)

For the Nine Months Ended June 30, 2018

	Share Capital	Contributed Surplus	Deficit	Total Equity
<b>Balance, January 23, 2017</b>	\$ -	\$ -	\$ -	\$ -
Loss for the period	-	-	-	-
<b>Balance, June 30, 2017</b>	\$ -	\$ -	\$ -	\$ -
<b>Balance, September 30, 2017</b>	\$ 400,000	\$ -	\$ -	\$ 400,000
Private placements	200,000			200,000
Stock based compensation		41,000	-	41,000
Share Issuance cost	(42,350)	5,515		(36,835)
Loss for the period	-	-	(107,754)	(107,754)
<b>Balance, June 30, 2018</b>	\$ 557,650	\$ 46,515	\$ (107,754)	\$ 496,411

*The accompanying notes are an integral part of these condensed interim financial statements*

# POCML 4 INC.

## Condensed Interim Statements of Cash Flows

(Unaudited - in Canadian Dollars)

For the Nine months ended June 30, 2018 and June 30, 2017

	For the Nine Months Ended June 30, 2018	For the Nine Months Ended June 30, 2017
Cash flows used in operating activities:		
Loss for the period	\$ (107,754)	\$ -
Items not involving cash		
Stock based compensation	41,000	-
Changes in non-cash working capital items:		
Accounts payable and accruals	12,578	-
	54,176	-
Financing activities		
Net proceeds from private placement, net	163,165	-
<b>Increase in cash during the period</b>	<b>108,998</b>	
<b>Cash, beginning of period</b>	<b>400,000</b>	
<b>Cash, end of period</b>	<b>\$ 508,989</b>	<b>\$ -</b>

*The accompanying notes are an integral part of these condensed interim financial statements*

# POCML 4 INC.

## Notes to the Condensed Interim Financial Statements

(Unaudited - in Canadian Dollars)

For the Three and Nine Month Periods Ended June 30, 2018 and 2017

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### 1. Incorporation and nature of business:

POCML 4 Inc. (the "Corporation") was incorporated under the Ontario Business Corporation Act on January 23, 2017 and is classified as a Capital Pool Corporation as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Corporation's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

The head office and the registered head office of the Corporation is located at 130 King Street West, Suite 2210, Toronto, Ontario M5X 1E4.

On August 15, 2018 the Board of Directors approved the condensed interim financial statements for the nine months ended June 30, 2018.

### 2. Significant accounting policies:

#### (a) Statement of Compliance:

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. Accordingly, these unaudited condensed interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. Results for the period ended June 30, 2018 are not necessarily indicative of future results. The accounting policies applied by the Corporation in these unaudited condensed interim financial statements are the same as those applied by the Corporation in its September 30, 2017 audited financial statements.

#### (b) Basis of presentation:

These condensed interim financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The condensed interim financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these condensed interim financial statements.

# POCML 4 INC.

## Notes to the Condensed Interim Financial Statements

(Unaudited - in Canadian Dollars)

For the Three and Nine Month Periods Ended June 30, 2018 and 2017

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### 2. Significant accounting policies (continued):

#### (b) Basis of presentation (continued):

In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the full fiscal year ending September 30, 2018.

#### (c) Loss per share:

Basic earnings (loss) per common share is determined by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period, excluding shares in escrow. Diluted loss per common share is calculated in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding. 8,000,000 common shares were excluded from the calculation as they were contingently issuable and all conditions necessary for their issuance have not been satisfied (note 3).

#### (d) Financial Instruments:

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available for sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

The Corporation has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Accounts Payable and accruals	Other Financial Liabilities

The Corporation's financial instruments measured at fair value on the statements of financial position consist of cash. Cash is measured at level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

# POCML 4 INC.

## Notes to the Condensed Interim Financial Statements

(Unaudited - in Canadian Dollars)

For the Three and Nine Month Periods Ended June 30, 2018 and 2017

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### 2. Significant accounting policies (continued):

#### (d) Financial Instruments (continued):

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

#### (e) Stock-based compensation:

The Corporation accounts for all stock-based compensation awarded to directors and officers and non-employees using the fair value method. Under this method, cost is measured at the grant date at fair value using the Black-Scholes option pricing model that takes into account the exercise price, the expected life of the option, the current price of the underlying stock, the expected volatility, the expected dividends and the risk-free interest rate for the expected term of the option. The compensation cost will be expensed in the statements of loss over the service period, that is the vesting period for directors and officers and over the performance period for awards provided to non-employees in exchange for goods and services. On the exercise of the stock options, the proceeds received by the Corporation, together with the respective amount from reserves, are credited to share capital.

#### (f) Income taxes:

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous periods.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the condensed interim financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

# POCML 4 INC.

## Notes to the Condensed Interim Financial Statements

(Unaudited - in Canadian Dollars)

For the Three and Nine Month Periods Ended June 30, 2018 and 2017

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### 2. Significant accounting policies (continued):

(g) Measurement uncertainty:

The preparation of condensed interim financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates used in the condensed interim financial statements.

### 3. Share capital:

(a) Authorized

Unlimited number of common shares

Unlimited number of special shares

(b) Issued

(i) On September 15, 2017, the Corporation issued 8,000,000 common shares at \$0.05 per share for total proceeds of \$400,000.

The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange to be released as to 10% thereof on the completion of the Corporation's Qualifying Transaction, as defined in the policies of the Exchange, and as to 15% thereof on each of the 6<sup>th</sup>, 12<sup>th</sup>, 18<sup>th</sup>, 24<sup>th</sup>, 30<sup>th</sup> and 36<sup>th</sup> months following the initial release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

(ii) On February 6, 2018, the Corporation completed an initial public offering of 2,000,000 common shares at \$0.10 per share for gross proceeds of \$200,000 pursuant to a prospectus dated November 14, 2017. The Corporation paid to the agent; cash commission of \$14,000, representing 7% of the aggregate gross proceeds of the offering as compensation for acting as agent, a corporate finance fee of \$10,000, and other expenses of \$12,835. The Corporation also issued 140,000 agent options to the agent valued at \$5,515 using the Black-Scholes pricing model with the following assumptions: share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 1.79% and an expected life of 2 years. Each agent option entitles the holders to purchase the common shares at a price of \$0.10 per common share until February 9, 2020.

# POCML 4 INC.

## Notes to the Condensed Interim Financial Statements

(Unaudited - in Canadian Dollars)

For the Three and Nine Month Periods Ended June 30, 2018 and 2017

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### 3. Share capital (continued):

#### (b) Issued (continued)

(iii) The Corporation granted an aggregate of 1,000,000 options to purchase common shares, exercisable at a price of \$0.10 per shares for five years from the date of grant valued at \$41,000 using the Black-Scholes pricing model with the following assumptions: share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 1.79% and an expected life of 5 years.

### 4. Contingency:

There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Corporation's shares from trading.

### 5. Financial Risk Management Objectives and Policies:

#### (a) Capital Management:

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of issued common shares, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

#### (b) Risk Disclosures and Fair Values:

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

### 6. Loss per Share

The basic and fully diluted loss per share has been calculated using the weighted average number of common shares outstanding for the period excluding 8,000,000 common shares which were excluded from the calculation as they are contingently issuable and all conditions necessary for their issuance have not been satisfied (note 3).

# POCML 4 INC.

## Notes to the Condensed Interim Financial Statements

(Unaudited - in Canadian Dollars)

For the Three and Nine Month Periods Ended June 30, 2018 and 2017

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### 7. Subsequent events:

#### Qualifying Transaction

The Corporation entered an agreement with MediPharm Labs Inc. ("MediPharm") on July 16, 2018, to form a business combination between the Corporation and MediPharm. The transaction will result in a reverse take-over of the Corporation by the shareholders of MediPharm and is intended to constitute the "Qualifying Transaction" of the Corporation as such term is defined in the policies of the Exchange.

The Transaction will then proceed by way of a three cornered amalgamation pursuant to which MediPharm shall amalgamate with a wholly-owned subsidiary of the Corporation, and the Corporation will acquire all of the issued and outstanding Class A common shares of MediPharm (the "MediPharm Shares"), in exchange for the Corporation's Post-Consolidation Shares on the basis of 12.68 Post-Consolidation Shares for every one MediPharm share issued and outstanding.

For further information regarding the Transaction, please refer to the press releases of the Corporation dated May 15, 2018, May 31, 2018 and June 29, 2018 available on SEDAR at [www.sedar.com](http://www.sedar.com).

**SCHEDULE "B"**  
**FINANCIAL STATEMENTS OF MEDIPHARM**

See attached.

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**MEDIPHARM LABS INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

(Expressed in Canadian dollars)

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DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Directors of MediPharm Labs Inc.

We have audited the accompanying consolidated financial statements of MediPharm Labs Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of MediPharm Labs Inc. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

A handwritten signature in dark ink that reads 'DMCL'.

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
August 14, 2018

**MEDIPHARM LABS INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

	Note	December 31, 2017 \$	December 31, 2016 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash		2,492,800	262,185
Prepays and deposits	7	418,488	-
Receivables	8	287,674	-
		3,198,962	262,185
Property and equipment	9	2,144,180	-
Investment	10	50,000	-
		5,393,142	262,185
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	11	1,231,175	21,864
Convertible debentures	12	1,193,906	-
Accrued rent		87,475	-
Due to related parties	14	11,778	24,862
		2,524,334	46,726
<b>EQUITY</b>			
Common shares	13	3,849,586	100,000
Obligation to issue shares	13	-	285,000
Reserves	13	193,274	9,174
Accumulated other comprehensive loss		(264)	-
Deficit		(1,169,178)	(178,715)
Equity attributable to owners of the Company		2,873,418	215,459
Non-controlling interest		(4,610)	-
		5,393,142	262,185
Commitments	15		
Subsequent events	17		

Approved on behalf of the Board:

"Patrick McCutcheon"

Director, Patrick McCutcheon

The accompanying notes are an integral part of these consolidated financial statements.

# MEDIPHARM LABS INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

	Note	December 31, 2017	December 31, 2016
		\$	\$
<b>Expenses</b>			
Advertising sales and promotion		7,927	9,655
Consulting fees	14	618,805	66,624
Office and administration		8,794	3,013
Professional fees		21,829	12,500
Rent and occupancy costs		201,026	-
Salaries and benefits		8,569	-
Travel and entertainment		81,117	42,144
		948,067	133,936
Interest income	8	16,000	-
Interest expense	12	(22,999)	-
Accretion expense	12	(40,007)	-
<b>Net loss</b>		<b>(995,073)</b>	<b>(133,936)</b>
Exchange difference on translating foreign operations		(264)	-
<b>Total comprehensive loss</b>		<b>(995,337)</b>	<b>(133,936)</b>
Total net loss for the year attributable to:			
Owners of the Company		(990,463)	-
Non-controlling interest		(4,610)	-
		(995,073)	-
<b>Loss per share</b>			
Basic and diluted		(0.41)	(0.07)
<b>Weighted average number of common shares outstanding</b>			
Basic and diluted		2,425,285	2,000,000

The accompanying notes are an integral part of these consolidated financial statements.

**MEDIPHARM LABS INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

	December 31, 2017	December 31, 2016
	\$	\$
Cash flow provided by (used in)		
Operating		
Net loss	(995,073)	(133,936)
Non-cash items		
Accretion expense on convertible debt	40,007	-
Interest accrued on convertible debt	22,999	-
Accrued rent	87,475	-
Shares issued for services	458,212	-
Changes in non-cash operating working capital items		
Receivables	(287,674)	-
Due from shareholders	-	65,845
Prepays and deposits	(418,488)	-
Accounts payable and accrued liabilities	150,944	13,399
	(941,598)	(54,692)
Investing activities		
Property and equipment	(1,035,813)	-
Investment	(50,000)	-
	(1,085,813)	-
Financing activities		
Subscriptions received in advance	-	285,000
Advances from shareholders	(13,084)	31,827
Issuance of shares	2,956,374	-
Convertible debentures issued	1,315,000	-
	4,258,290	316,827
<b>Effect of foreign exchange on cash</b>	(264)	-
<b>Increase in cash</b>	2,230,615	262,135
<b>Cash, beginning</b>	262,185	50
<b>Cash, ending</b>	2,492,800	262,185
<b>Supplemental cash flow disclosure</b>		
Common shares issues for property and equipment	50,000	-
Property and equipment purchases in accounts payable	1,058,367	-

The accompanying notes are an integral part of these consolidated financial statements.

## MEDIPHARM LABS INC.

### CONSOLIDATED CHANGES IN EQUITY

(Expressed in Canadian dollars)

	Common Shares		Reserves					Deficit	Non-Controlling Interest	Total
	Number	Share Capital	Share-based payments	Equity component of convertible debt	Obligation to issue shares	Accumulated other comprehensive loss				
		\$	\$	\$	\$	\$	\$	\$	\$	
Balance December 31, 2015	2,000,000	100,000	9,174	-	-	-	(44,779)	-	64,395	
Subscriptions received in advance	-	-	-	-	285,000	-	-	-	285,000	
Net loss	-	-	-	-	-	-	(133,936)	-	(133,936)	
Balance December 31, 2016	2,000,000	100,000	9,174	-	285,000	-	(178,715)	-	215,459	
Shares issued for cash	1,203,791	3,241,374	-	-	(285,000)	-	-	-	2,956,374	
Shares issued for services	184,404	508,212	-	-	-	-	-	-	508,212	
Issuance of convertible debt	-	-	-	184,100	-	-	-	-	184,100	
Foreign exchange translation	-	-	-	-	-	(264)	-	-	(264)	
Net loss	-	-	-	-	-	-	(990,463)	(4,610)	(995,073)	
Balance December 31, 2017	3,388,195	3,849,586	9,174	184,100	-	(264)	(1,169,178)	(4,610)	2,868,808	

The accompanying notes are an integral part of these consolidated financial statements.

## **MEDIPHARM LABS INC.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2017 and December 31, 2016

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#### **1. Nature of operations**

MediPharm Labs Inc. (the "Company" or "MediPharm") is a private company incorporated in the Province of Ontario. The Company is a medical marijuana extraction company licensed to produce pursuant to the Access to Cannabis for Medical Purposes Regulations ("ACMPR"). The Company's head office and the registered and records office address is 151 John St., Barrie Ontario Canada L4N 2L1.

#### **2. Basis of preparation**

##### *Basis of Presentation*

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

##### *Basis of Consolidation*

The consolidated financial statements of the Company include the accounts of the Company and of its wholly owned subsidiary 2612785 Ontario Inc. and its 51% controlling interest in MediPharm Labs Australia Pty. Ltd. All intercompany transactions and balances are eliminated. A subsidiary is an entity controlled by the Company. Control exists when the Company has the power to directly or indirectly govern the financial and operating policies.

These financial statements are presented in Canadian dollars, except when otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar and the functional currency of MediPharm Labs Australia Pty. Ltd. is the Australian dollar. The presentation currency of the consolidated entity is the Canadian dollar.

#### **3. Significant accounting policies**

##### *Financial instruments*

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

## **MEDIPHARM LABS INC.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2017 and December 31, 2016

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#### **3. Significant accounting policies (continued)**

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

#### *Property and equipment*

Property, plant and equipment are recorded at cost net of accumulated amortization and impairment charges. The cost of repairs and maintenance is expensed as incurred. Amortization is provided on the straight-line method over the estimated useful lives of assets. Upon sale or other disposition of a depreciable asset, cost and accumulated amortization are removed from property, plant, and equipment and any gain or loss is reflected as a gain or loss from operations. Depreciation is provided using the following annual rates.

Computers	30% declining balance basis
Leasehold improvements	20% straight-line
Office equipment	20% declining balance basis

An asset's residual value, useful life and amortization method are reviewed at the end of each reporting period and adjusted if appropriate.

#### *Impairment of long-lived assets*

Long-lived assets, including property and equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

## **MEDIPHARM LABS INC.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2017 and December 31, 2016

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#### **3. Significant accounting policies (continued)**

##### *Leases*

The Company leases some items of property and equipment. The lease of the property and equipment is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the Company. A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

##### *Convertible notes*

Convertible notes issued by the Company can be converted to a fixed number of common shares of the Company at the option of the holders, when certain conditions apply. The liability component of a convertible note is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the convertible note as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity component in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a convertible note is measured at amortized cost using the effective interest method. The equity component of a convertible note is not re-measured subsequent to initial recognition. Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity reserve and no gain or loss is recognized.

##### *Share-based payment transactions*

The Company grants stock options to purchase common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee, including directors of the Company. The fair value of the stock options granted is measured at grant date and each tranche is recognized on a graded basis over the vesting period. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense for unvested options is adjusted to reflect the number of the options that are expected to vest. If the options are forfeited or expired.

##### *Basic and diluted loss per share*

The Company presents basic loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share is determined by adjusting the loss and the weighted average number of common shares outstanding for the effects of all options, warrants and similar instruments outstanding that may add to the total number of common shares. As at December 31, 2017 and 2016, the Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

##### *Warrants issued in equity financing transactions*

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and execute on its strategic plan. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are assigned value based on the related fair value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

## **MEDIPHARM LABS INC.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2017 and December 31, 2016

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#### **3. Significant accounting policies (continued)**

##### *Income taxes*

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized on temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it is not recorded.

##### *Standards and interpretations not yet adopted*

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

##### *New standard IFRS 9 “Financial Instruments”*

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Overall, the Company does not expect the implementation of IFRS 9 to have a significant impact on its financial assets.

##### *New standard IFRS 15 “Revenue from Contracts with Customers”*

This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Overall, the Company does not expect the implementation of IFRS 15 to have a significant impact on its revenue.

##### *New standard IFRS 16 “Leases”*

This new standard replaces IAS 17 “Leases” and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. While the Company is currently evaluating the impact this new guidance will have on its consolidated financial statements, the recognition of certain leases is expected to increase the assets and liabilities on the consolidated statements of financial position. As a result, the Company expects IFRS 16 to have a significant change to the consolidated statements of financial position. The Company continues to assess the impact of the disclosure requirements under IFRS on the Company’s consolidated financial statements.

## **MEDIPHARM LABS INC.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2017 and December 31, 2016

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#### **3. Critical accounting estimates and significant management judgements**

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Estimated useful lives and depreciation and amortization of property and equipment and intangible assets – depreciation and amortization of property and equipment and intangible assets are dependent on estimates of useful lives, which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market condition and useful lives of assets.

Carrying value and recoverability of property and equipment – the Company has determined that property, plant, and equipment and intangible assets that are capitalized may have future economic benefits and may be economically recoverable. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market condition and useful lives of assets.

Share-based payments - management is required to make a number of estimates when determining the fair value of the payments resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

Income taxes – in assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessment, management give additional weight to positive and negative evidence that can be objectively verified.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

#### *Other significant judgments*

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- The fair value and classification of financial instruments; and
- The classification of leases as either operating or finance type leases.

## MEDIPHARM LABS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2017 and December 31, 2016

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#### 4. Capital management

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of shareholders' equity comprising of share capital, contributed surplus, warrants and deficit. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. In order to facilitate the management of capital, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new shares through private placement, incur debt or return of capital to shareholders.

There have been no changes made to the capital management policy during the years ended December 31, 2017 and 2016.

#### 5. Financial risk management

##### Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk, and foreign currency risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

##### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to its holdings of cash. Cash is held with a major Canadian chartered bank, from which management believes the risk of loss to be minimal.

##### Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

##### Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in interest rate. The Company is exposed to interest rate risk on its cash and debt instruments and has determined there is no material exposure related to interest rate risk.

#### 7. Prepaids and Deposits

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	<b>December 31, 2017</b>
Rent Deposit	\$ 49,358
Deposits for leasehold improvements	364,009
Other	5,121
<b>Total</b>	<b>\$ 418,488</b>

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**MEDIPHARM LABS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2017 and December 31, 2016

**8. Receivables**

As at December 31, 2017, the Company had a receivable balance of \$287,674 which relates to HST refunds filed but not yet received.

On February 17, 2017, the Company entered into a promissory note with Humboldt Industries Limited ("Humboldt") for \$200,000 that was unsecured and had a maturity date of February 27, 2017, after which time the unpaid portion of the note began to accrue interest at the rate of 20% per annum. The principal balance, interest and legal fees were repaid during the year ended December 31, 2017.

<b>December 31, 2016 and 2015</b>	<b>\$</b>	<b>-</b>
Promissory note issued		200,000
Interest accrued		16,000
Legal fees incurred		34,000
Payments received		(250,000)
<b>December 31, 2017</b>	<b>\$</b>	<b>-</b>

**9. Property and equipment**

<b>Cost</b>	<b>Balance at December 31, 2016 and 2015</b>	<b>Additions</b>	<b>Balance at December 31, 2017</b>
Computers	\$ -	\$ 35,238	\$ 35,238
Office equipment	-	97,417	97,417
Leasehold improvements	-	2,011,525	2,011,525
	<b>\$ -</b>	<b>\$ 2,144,180</b>	<b>\$ 2,144,180</b>

As at December 31, 2017, the assets were under construction and not ready for their intended use. As a result, the Company has not recorded any amortization.

**10. Investment**

On February 17, 2017, the Company purchased 1,000,000 common shares of Humboldt at a price of \$0.05 per common share for a total investment of \$50,000. Humboldt is a private company and the Company has classified this investment as available-for-sale.

**11. Accounts Payable and Accrued Liabilities**

<b>Accounts Payable and Accrued Liabilities</b>	<b>2017</b>		<b>2016</b>	
Accounts payable	\$	1,208,144	\$	14,000
Accrued liabilities		14,607		-
Other payables		8,423		7,864
<b>Total accounts payable and accrued liabilities</b>	<b>\$</b>	<b>1,231,175</b>	<b>\$</b>	<b>21,864</b>

**MEDIPHARM LABS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the years ended December 31, 2017 and December 31, 2016

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**12. Convertible Debentures**

On October 6, 2017, the Company issued secured convertible debentures (the “Debentures”) for gross proceeds of \$1,315,000 with an annual interest of 8% and a maturity date of December 31, 2018. The Debentures are convertible into common shares of the company at a price of \$3 per common share.

<b>December 31, 2016 and 2015</b>	<b>\$</b>	<b>-</b>
Convertible debentures issued		1,315,000
Portion attributed to equity		(184,100)
Equity portion accreted back to the loan		40,007
Interest accrued		22,999
<b>December 31, 2017</b>	<b>\$</b>	<b>1,193,906</b>

**13. Share capital*****Authorized share capital***

Unlimited number of common shares without par value.

***Common shares issued***

During the year ended December 31, 2016, the Company received subscription proceeds of \$285,000 in advance of the financing that closed January 2, 2017.

On January 2, 2017 the Company issued 45,000 shares for consulting services of \$90,000.

On January 2, 2017, the Company closed a financing of \$740,000 and issued 370,000 common shares.

On December 27, 2017, the Company closed a financing of \$2,501,374 and issued 833,791 common shares.

On December 27, 2017, the Company issued 139,404 shares at \$3.00 per share in exchange for services provided relating to consulting and leasehold improvements for total services of \$418,212.

***Stock options***

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares. The aggregate number of Common Shares issuable pursuant to options granted to insiders and other security based compensation arrangements may not exceed 10% of the total outstanding common shares.

As at December 31, 2017, 2016 and 2015, the Company had 250,000 options outstanding and exercisable with that expire on December 20, 2021 and have an exercise price of \$0.10.

**14. Related party transactions**

The Company has determined that key management personnel consist of directors and officers. The remuneration to directors during the years ended December 31, 2017 and 2016 was \$72, 905 and \$11,600, respectively.

As at December 31, 2017, \$11,778 (2016 - \$24,862) is due to related parties for reimbursement of expenses. The outstanding balance is non-interest bearing, unsecured and due on demand.

**MEDIPHARM LABS INC.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2017 and December 31, 2016

**15. Commitments*****Operating lease***

The Company has obligations under operating leases for its corporate office facilities.

<b>Year</b>		
2018	\$	171,903
2019		180,540
2020		189,484
2021		199,001
2022		209,316
Thereafter		284,657
<b>Total Commitments</b>	<b>\$</b>	<b>1,234,901</b>

**16. Income taxes**

The provision for income taxes differs from the amount that would have resulted in applying the combined federal statutory tax rate as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Net loss	\$ (995,073)	\$ (133,936)
Statutory income tax rate	26%	26%
Expected in tax recovery at statutory income tax rates	(258,860)	(34,823)
Permanent differences	3,739	1,032
Difference in tax rates, foreign exchange, and other	(32,114)	10,768
Change in unrecognized deferred assets	287,233	23,023
Income tax recovery	\$ -	\$ -

Temporary differences that give rise to the following deferred tax assets and liabilities at are:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Deferred tax assets		
Non-capital loss carry forwards	\$ 281,445	\$ 17,235
Property and equipment	15,362	15,362
	296,807	32,597
Valuation allowance	(296,807)	(32,597)
	\$ -	\$ -

As at December 31, 2017, the Company has approximately \$1,045,000 of non-capital loss carry forwards available to reduce taxable income for future years. The non-capital losses expire in years 2035 to 2037.

## **MEDIPHARM LABS INC.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2017 and December 31, 2016

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#### **16. Subsequent events**

On December 27, 2017, the Company closed a private placement of \$3,554,475 for 1,184,825 shares. On December 27, 2017, the Company issued 978,784 shares at \$3 per share for proceeds of \$2,936,352 as only a portion of the proceeds had been received. The 206,041 shares remaining were issued in January 2018 for proceeds of \$618,123.

In January 2018, the Company issued 9,306 shares of the Company with a fair value of \$27,918 for services performed.

On March 22, 2018, the Company closed a financing of \$2,963,757 and issued 796,709 units (the "Units"). Each Unit consisting of one share and warrant (the "Warrants"), entitling the holder to acquire one share at \$6 until the date that is 2 years following a liquidity event. A liquidity event is defined as the date the Company's shares are listed or quoted on any of the TSXV or a recognized exchange. The Company paid a cash finder's fee of \$175,000 and issued finder's warrants (the "Finder's Warrants") entitling the holder to acquire 47,043 Units of the Company at a price of \$3.72 per unit and an additional 47,043 warrants entitling the holder to acquire 47,043 common shares of the Company at a price of \$6 per share. The fair value of the finder's warrants issued was estimated using the Black Scholes option pricing model to be \$261,481 using the following assumptions: estimated volatility of 83%, expected life of 2.5 years and a risk free rate of 1.81%.

On March 29, 2018, 250,000 stock options were exercised into common shares for proceeds of \$25,000.

On April 20, 2018, the Company issued 50,000 common shares as a deposit for equipment. The fair value of the shares on the date of issuance was estimated at \$6 per share for total consideration of \$300,000.

On June 1, 2018 and June 29, 2018, the Company closed private placements and issued 2,070,571 units (the "June Units") for gross proceeds of \$22,316,614. Each June Unit consisted of one common share and one half warrant (each whole warrant, a "June Warrant"). Each June Warrant will entitle the holder to acquire an additional common share of the Company at a price of \$15.216 per common share until the date that is 2 years following the completion of the Transaction. The agents received a cash fee of \$1,271,021 together with 118,961 broker warrants (the "Broker Warrants"). The Broker Warrants are exercisable to acquire one June Unit at a price of \$10.778 until the date, which is 2 years following the completion of the Transaction. The Company also issued an additional 59,480 finder's warrants exercisable to acquire one common share of the Company at a price of \$15.216 per share for a period that is 2 years after the Transaction. The fair value of the Broker Warrants issued was estimated using the Black Scholes option pricing model to be \$786,219 using the following assumptions: estimated volatility of 71%, expected life of 2.5 years and a risk free rate of 1.90%. The Company also paid an additional \$145,717 in share issuance costs for legal and other fees.

On August 14, 2018 the Company subscribed to an additional 145 MediPharm Australia ordinary shares. As a result, the Company's percentage ownership in MediPharm Australia increased from 51% to 80%. In exchange for the additional 145 ordinary shares, the Company paid CDN\$500,000 to MediPharm Australia and issued MediPharm Australia a promissory note for CDN\$800,000. The promissory note is unsecured, bears interest at 1% per annum and matures on September 30, 2018.

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**MEDIPHARM LABS INC.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED JUNE 30, 2018**  
**(UNAUDITED)**  
(Expressed in Canadian dollars)

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# MEDIPHARM LABS INC.

## INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	June 30, 2018 \$	December 31, 2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash		20,026,722	2,492,800
Prepays and deposits	3	814,242	418,488
Inventory	5	4,060,867	-
Receivables	4	974,601	287,674
		<hr/> 25,876,432	<hr/> 3,198,962
Property and equipment	6	4,833,334	2,144,180
Investments		50,000	50,000
		<hr/> 30,759,766	<hr/> 5,393,142
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	7	3,097,551	1,318,650
Convertible debentures	9	1,339,166	1,193,906
Note payable	8	520,136	-
Due to related parties	11	11,688	11,778
		<hr/> 4,968,541	<hr/> 2,524,334
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>			
Common shares	10	27,459,593	3,849,586
Reserves	10	2,458,310	193,274
Accumulated other comprehensive loss		(2,385)	(264)
Deficit		(4,089,074)	(1,169,178)
		<hr/> 25,826,444	<hr/> 2,873,418
Non-controlling interest		(35,219)	(4,610)
		<hr/> 30,759,766	<hr/> 5,393,142

Subsequent events 1, 13  
Commitments 12

Approved on behalf of the Board:

"Patrick McCutcheon"

Director, Patrick McCutcheon

The accompanying notes are an integral part of these consolidated financial statements.

**MEDIPHARM LABS INC.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

**Three and Six months ended June 30, 2018**

	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>Expenses</b>					
Advertising sales and promotion		131,779	-	142,352	6,206
Amortization	6	128,651	-	257,301	-
Consulting fees	11	76,530	4,561	129,447	168,525
Office and administration		25,776	1,524	41,883	2,703
Professional fees		65,066	13,040	83,121	13,040
Rent		112,454	1,647	215,378	1,647
Research and production testing		182,443	-	204,573	-
Salaries and benefits	11	301,449	-	409,894	-
Stock-based compensation	10	468,464	-	1,226,510	-
Travel and entertainment		18,601	9,988	46,455	20,930
		1,511,212	30,760	2,756,914	213,051
Accretion expense	9	45,899	-	91,294	-
Interest Expense		33,861	-	87,686	-
Foreign exchange loss		14,612	-	14,612	-
<b>Net loss</b>		<b>(1,605,584)</b>	<b>(30,760)</b>	<b>(2,950,505)</b>	<b>(213,051)</b>
Other Comprehensive income					
Exchange difference on translation of foreign operations		868	-	(2,385)	-
<b>Total comprehensive loss</b>		<b>(1,604,716)</b>	<b>(30,760)</b>	<b>(2,952,890)</b>	<b>(213,051)</b>
Total net loss for the year attributable to:					
Owners of the Company		(1,590,546)	(30,760)	(2,919,896)	(213,051)
Attributable to non-controlling interest		(15,038)	-	(30,609)	-
		(1,605,584)	(30,760)	(2,950,505)	(213,051)
<b>Loss per share</b>					
Basic and diluted		(0.32)	(0.01)	(0.69)	(0.09)
<b>Weighted average number of common shares outstanding</b>					
Basic and diluted		5,040,730	2,415,000	4,252,303	2,415,000

The accompanying notes are an integral part of these consolidated financial statements.

**MEDIPHARM LABS INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Six months ended June 30, 2018**

	June 30, 2018	June 30, 2017
	\$	\$
Cash flow provided by (used in)		
Operating		
Net loss	(2,950,505)	(213,051)
Non-cash items		
Accretion expense on convertible debt	91,294	-
Interest accrued on convertible debt	53,966	-
Stock-based compensation	1,226,510	-
Amortization	257,301	-
Shares issued for services	27,918	90,000
Changes in non-cash operating working capital items		
Receivables	(686,927)	(123,426)
Prepays and deposits	(395,754)	-
Inventory	(4,060,867)	-
Accounts payable and accrued liabilities	1,778,901	1,326
	(4,658,163)	(245,151)
Investing activities		
Property and equipment	(2,646,456)	(217,529)
Investment	-	(50,000)
	(2,646,456)	(267,529)
Financing activities		
Issuance of shares for cash less issuance costs	24,295,615	455,000
Issuance of note payable	520,136	-
Exercise of stock options	25,000	-
Advances from shareholders	(90)	-
	24,840,661	455,000
Effect of foreign exchange on cash	(2,120)	-
<b>Increase in cash</b>	<b>17,533,922</b>	<b>(57,680)</b>
<b>Cash, beginning</b>	<b>2,492,800</b>	<b>262,185</b>
<b>Cash, ending</b>	<b>20,026,722</b>	<b>204,506</b>

The accompanying notes are an integral part of these consolidated financial statements.

**MEDIPHARM LABS INC.**  
**CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY**  
**Periods ended June 30, 2018 and 2017**

	Common Shares		Reserves		Obligation to issue shares	Accumulated other comprehensive loss	Deficit	Non-controlling interest	Total
	Number	Share Capital	Share-based payments	Equity component of convertible debt					
		\$	\$			\$			\$
Balance December 31, 2016	2,000,000	100,000	9,174	-	285,000	-	(178,715)	-	215,459
Shares issued for cash	370,000	740,000	-	-	(285,000)	-	-	-	455,000
Shares issued for services	45,000	90,000	-	-	-	-	-	-	90,000
Net loss for the period	-	-	-	-	-	-	(213,051)	-	(213,051)
Balance June 30, 2017	2,415,000	930,000	9,174	-	-	-	(391,766)	-	547,409
Balance December 31, 2017	3,384,478	3,849,586	9,174	184,100	-	(264)	(1,169,178)	(4,610)	2,868,808
Shares issued for cash	3,077,038	25,909,646	-	-	-	-	-	-	25,909,646
Share issue costs	-	(2,661,731)	1,047,700	-	-	-	-	-	(1,614,031)
Shares issued on exercise of stock options	250,000	34,174	(9,174)	-	-	-	-	-	25,000
Shares issued on equipment deposit	50,000	300,000	-	-	-	-	-	-	300,000
Shares issued for services	9,306	27,918	-	-	-	-	-	-	27,918
Share-based compensation	-	-	1,226,510	-	-	-	-	-	1,226,510
Foreign exchange translation	-	-	-	-	-	(2,121)	-	-	(2,121)
Net loss for the period	-	-	-	-	-	-	(2,919,896)	(30,609)	(2,950,505)
Balance June 30, 2018	6,770,822	27,459,593	2,274,210	184,100	-	(2,385)	(4,089,074)	(35,219)	25,791,225

The accompanying notes are an integral part of these financial statements.

## MEDIPHARM LABS INC.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Unaudited)

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#### 1. Nature of operations

MediPharm Labs Inc. (the "Company" or "MediPharm") is a private company incorporated in the Province of Ontario. The Company is a medical marijuana extraction company licensed to produce pursuant to the Access to Cannabis for Medical Purposes Regulations ("ACMPR"). The Company's head office and the registered and records office address is 151 John St., Barrie Ontario Canada L4N 2L1.

On July 16, 2018, the Company entered into an agreement with POCML 4 Inc. ("POMCL"), a publicly traded company on the TSX Venture Exchange ("TSXV") with respect to a proposed business combination (the "Transaction"). The Transaction will result in a reverse take-over of POCML by the shareholders of the Company.

#### 2. Significant accounting policies

##### *Statement of compliance*

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of August 20, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2017. Any subsequent changes to IFRS that give effect to the Company's annual consolidated financial statements for the year ending December 31, 2018 could result in restatement of these unaudited condensed interim consolidated financial statements.

#### 3. Prepaids and Deposits

	June 30, 2018	December 31, 2017
Rent Deposit	\$ 49,358	\$ 49,358
Deposits for leasehold improvements and equipment	574,454	364,009
Deposit on acquisition of building	50,000	-
Other	140,430	5,121
<b>Total</b>	<b>\$ 814,242</b>	<b>\$ 418,488</b>

#### 4. Receivables

As at June 30, 2018, the Company had an HST receivable balance of \$974,601 (December 31, 2017 - \$287,674).

#### 5. Inventory

Inventory is comprised of harvested cannabis plants acquired from third party licensed cannabis producers. The Company holds harvested cannabis plants valued at \$4,060,867 as of June 30, 2018 (December 31, 2017 - \$NIL). The Company does not have its sales license and therefore no cost of sales has been recognized.

**MEDIPHARM LABS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2018

(Unaudited)

**6. Property and equipment**

<b>Cost</b>	<b>Balance at December 31, 2017</b>	<b>Additions</b>	<b>Balance at June, 2018</b>
Computers	\$ 35,238	\$ 91,564	\$ 126,802
Office equipment	8,288	22,101	30,389
Equipment	-	825,869	825,869
Security equipment	-	358,149	358,149
Leasehold improvements	2,100,654	1,648,772	3,749,426
	<b>\$ 2,144,180</b>	<b>\$ 2,946,455</b>	<b>\$ 5,090,635</b>
<b>Accumulated amortization</b>			
Computers	\$ -	\$ 9,510	\$ 9,510
Office equipment	-	1,519	1,519
Equipment	-	41,294	41,294
Security equipment	-	17,907	17,907
Leasehold improvements	-	187,071	187,071
<b>Accumulated Amortization</b>	<b>\$ -</b>	<b>\$ 257,301</b>	<b>\$ 257,301</b>
<b>Net book Value</b>	<b>\$ 2,144,180</b>	<b>\$ 2,689,154</b>	<b>\$ 4,833,334</b>

**7. Accounts Payable and Accrued Liabilities**

<b>Accounts Payable and Accrued Liabilities</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Accounts payable	\$ 2,946,465	\$ 1,208,144
Accrued liabilities	65,050	14,607
Accrued rent	80,585	87,476
Other payables	5,451	8,423
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 3,097,551</b>	<b>\$ 1,318,650</b>

**8. Note Payable**

On March 9, 2018, the Company issued a note payable ("Note Payable") to a company controlled by a shareholder in the amount of US\$395,000 (CDN\$520,136). The Note Payable is secured by a general security agreement, matures September 9, 2018 and bears interest at 10%.

**9. Convertible Debentures**

On October 6, 2017, the Company issued secured convertible debentures (the "Debentures") for proceeds of \$1,315,000 with an interest rate of 8% and a maturity date of December 31, 2018. The Debentures are convertible into shares of the company at a price of \$3 and are unsecured.

<b>December 31, 2017</b>	<b>\$ 1,193,906</b>
Equity portion accreted back to the loan	91,294
Interest accrued	53,966
<b>June 30, 2018</b>	<b>\$ 1,339,166</b>

**MEDIPHARM LABS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2018

(Unaudited)

**10. Share capital*****Common shares issued***

On December 27, 2017, the Company closed a private placement of \$3,565,626 for 1,188,542 shares. On December 27, 2017, the Company issued 978,784 shares at \$3 per share for proceeds of \$2,936,352 as only a portion of the proceeds had been received. The 209,758 shares remaining were issued in January 2018 for proceeds of \$629,257.

In January 2018, the Company issued 9,306 shares of the Company with a fair value of \$27,918 for services performed.

On March 22, 2018, the Company closed a financing of \$2,963,757 and issued 796,709 units (the "Units"). Each Unit consisting of one share and warrant (the "Warrants"), entitling the holder to acquire one share at \$6 until the date that is 2 years following a liquidity event. A liquidity event is defined as the date the Company's shares are listed or quoted on any of the TSXV or a recognized exchange. The Company paid a cash finder's fee of \$175,000 and issued finder's warrants (the "Finder's Warrants") entitling the holder to acquire 47,043 Units of the Company at a price of \$3.72 per unit and an additional 47,043 warrants entitling the holder to acquire 47,043 common shares of the Company at a price of \$6.00 per share. The fair value of the finder's warrants issued was estimated using the Black Scholes option pricing model to be \$261,481 using the following assumptions: estimated volatility of 83%, expected life of 2.5 years and a risk free rate of 1.81%.

On March 29, 2018, 250,000 stock options were exercised into common shares for proceeds of \$25,000.

On April 20, 2018, the Company issued 50,000 common shares as a deposit for equipment. The fair value of the shares on the date of issuance was estimated at \$6 per share for total consideration of \$300,000.

On June 1, 2018 and June 29, 2018, the Company closed private placements and issued 2,070,571 units (the "June Units") for gross proceeds of \$22,316,614. Each June Unit consisted of one common share and one half warrant (each whole warrant, a "June Warrant"). Each June Warrant will entitle the holder to acquire an additional common share of the Company at a price of \$15.216 per common share until the date that is 2 years following the completion of the Transaction. The agents received a cash fee of \$1,282,163 together with 118,961 broker warrants (the "Broker Warrants"). The Broker Warrants are exercisable to acquire one June Unit at a price of \$10.778 until the date, which is 2 years following the completion of the Transaction. The Company also issued an additional 59,480 finder's warrants exercisable to acquire one common share of the Company at a price of \$15.216 per share for a period that is 2 years after the Transaction. The fair value of the Broker Warrants issued was estimated using the Black Scholes option pricing model to be \$786,219 using the following assumptions: estimated volatility of 71%, expected life of 2.5 years and a risk free rate of 1.90%.

***Stock options***

On January 2, 2018 the Company issued 285,000 stock options to acquire up to 285,000 shares with an exercise price of \$3 until January 2, 2023. The fair value of the options issued is estimated using the Black Scholes option pricing model, \$758,046 using the following assumptions: estimated volatility of 139%, expected life of 5 years and a risk free rate of 1.89%.

On April 30, 2018, the Company issued 179,480 stock options with an exercise price of \$3 until April 30, 2023. The fair value of the options issued is, estimated using the Black Scholes option pricing model, \$468,464 using the following assumptions: estimated volatility of 133%, expected life of 5 years and a risk free rate of 2.11%.

**MEDIPHARM LABS INC.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Unaudited)

**10. Share capital (cont'd)****Stock options (cont'd)**

	Options	Weighted average exercise price \$	Weighted average life (years)
Balance, December 31, 2017	250,000	0.10	
Granted	464,480	3.00	
Exercised	(250,000)	0.10	
<b>Balance, June 30, 2018</b>	<b>464,480</b>	<b>3.00</b>	<b>4.64</b>

**Share purchase warrants:**

A summary of changes in share purchase warrants outstanding is as follows:

	Warrants outstanding	Weighted average exercise price \$	Weighted average life (years)
Balance, December 31, 2017	-	-	
Issued – Private placements	1,831,995	11.21	
Issued – Finder's Warrants	94,086	4.86	
Issued – Broker Warrants	178,440	12.26	
<b>Balance, June 30, 2018</b>	<b>2,104,521</b>	<b>11.02</b>	<b>2.38</b>

**11. Related party transactions**

The Company has determined that key management personnel consist of directors and officers. The remuneration to directors and officers during the period ended June 30, 2018 was \$246,587 (2017 - \$5,339) included in consulting fees and salaries and benefits.

As at June 30, 2018 \$11,688 (December 31, 2017 - \$11,778) is due to related parties for reimbursement of expenses. The amount is non-interest bearing, unsecured and due on demand.

During the period ended June 30, 2018 the Company issued 240,000 options to related parties of the Company for total share based compensation of \$635,870.

**12. Commitments****Operating lease**

The Company has obligations under operating leases for its corporate office facilities.

Year	
2018	\$ 87,162
2019	180,540
2020	189,484
2021	199,001
2022	209,316
Thereafter	284,657
<b>Total Commitments</b>	<b>\$ 1,150,160</b>

**MEDIPHARM LABS INC.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Unaudited)

**13. Subsequent events**

Subsequent to the period ended June 30, 2018, the Company subscribed to an additional 145 MediPharm Australia ordinary shares. As a result, the Company's percentage ownership in MediPharm Australia increased from 51% to 80%. In exchange for the additional 145 ordinary shares, the Company paid CDN\$500,000 to MediPharm Australia and issued MediPharm Australia a promissory note for CDN\$800,000. The promissory note is unsecured, bears interest at 1% per annum and matures on September 30, 2018.

**SCHEDULE "C"**  
**PRO-FORMA CONSOLIDATED STATEMENTS FOR THE RESULTING ISSUER**

See attached.

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**MEDIPHARM LABS INC.**  
**PRO FORMA STATEMENT OF FINANCIAL POSITION**  
**(UNAUDITED – PREPARED BY MANAGEMENT)**  
(Expressed in Canadian dollars)  
JUNE 30, 2018

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**MEDIPHARM LABS INC.****Pro Forma Statement of Financial Position (unaudited-prepared by management)****as at June 30, 2018****(Expressed in Canadian Dollars)**

	MediPharm Labs Inc.	POCML 4 Inc.	Pro Forma Adjustments	Note	Pro Forma Balances
	\$	\$	\$		\$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	20,026,722	508,989	(500,000)	3	20,035,711
Prepays and deposits	814,242				814,242
Inventory	4,060,867				4,060,867
Receivables	974,601				974,601
	25,876,432	508,989	(500,000)		25,885,421
Property and equipment	4,833,334				4,833,334
Investments	50,000				50,000
	30,759,766	508,989	(500,000)		30,768,755
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	3,097,551	12,578			3,110,129
Convertible debentures	1,339,166				1,339,166
Note payable	520,136				520,136
Due to related parties	11,688				11,688
	4,968,541	12,578			4,981,119
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>					
Common shares	27,459,593	557,650	4,250,000	3	31,709,593
			(557,650)	3	
Reserves	2,458,310	46,515	450,000	3	2,908,310
			(46,515)	3	
Accumulated other comprehensive loss	(2,385)				(2,385)
Deficit	(4,089,074)	(107,754)	107,754	3	(8,792,663)
			(4,703,589)	3	
	25,826,444	496,411	(500,000)		25,822,855
Non-controlling interest	(35,219)				(35,219)
	30,759,766	508,989	(500,000)		30,768,755

The accompany notes are an integral part of this pro forma statement of financial position

## **MEDIPHARM LABS INC.**

NOTES TO PRO FORMA STATEMENT OF FINANCIAL POSITION (Unaudited – prepared by management)

June 30, 2018

(Expressed in Canadian Dollars)

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### **1. Basis of Presentation**

The accompanying unaudited pro forma statement of financial position for MediPharm Labs Inc. ("MPL") as at June 30, 2018, has been prepared by management to give effect to the transaction between POCML 4 Inc. ("POCML") and MPL (the "Transaction"). Pursuant to the business combination agreement between MPL and POCML dated July 13, 2018 (the "Agreement"), MPL will amalgamate with a subsidiary of POCML ("SubCo") to form an amalgamated entity ("AmalCo"). AmalCo will continue as a wholly owned subsidiary of POCML (the "Resulting Issuer"). POCML will change its name to MediPharm Labs Corp.

This unaudited pro forma financial statement has been prepared using the same accounting policies described in Note 2 to the annual financial statements of MPL for the year ended December 31, 2017 and has been compiled from the following:

- The consolidated statement of financial position and the consolidated statement of loss and comprehensive loss included in the audited financial statements of MPL for the year ended December 31, 2017;
- The consolidated statement of financial position and the consolidated statement of loss and comprehensive loss included in the unaudited interim financial statements of MPL for the period ended June 30, 2018; and
- The statement of financial position and the statement of loss and comprehensive loss included in the unaudited interim financial statements of POCML for the period ended June 30, 2018.

The unaudited pro forma statement of financial position has been prepared for illustration purposes only and may not be indicative of the financial position that would have occurred if the proposed transactions had been in effect at the date indicated and is not necessarily indicative of the financial position in the future.

Management believes that the assumptions used provide a reasonable basis for presenting all of the significant effects of the Transaction, including transactions completed in connection with completing the Transaction, and that the pro forma adjustments give appropriate effect to those assumptions and are appropriately applied.

Completion of the Transaction is subject to a number of conditions, including but not limited to, shareholder approval and TSX Venture Exchange ("TSXV") acceptance. There can be no assurance that the Transaction will be completed as proposed or at all.

### **2. Pro Forma Transaction**

SubCo is a wholly owned subsidiary of POCML that was incorporated under the Ontario Business Corporations Act for the purposes of effecting the Transaction. Pursuant to the Agreement, the Transaction will result in the following:

- POCML and SubCo will amalgamate to form AmalCo and continue as one corporation under the Business Corporations Act (Ontario) as a subsidiary of POCML;
- POCML will effect: (i) a consolidation of all of the outstanding common shares of POCML on a 2 for 1 basis (the "Consolidation"), resulting in an aggregate of approximately 5,000,000 post-Consolidation

**MEDIPHARM LABS INC.**

NOTES TO PRO FORMA STATEMENT OF FINANCIAL POSITION (Unaudited – prepared by management)

June 30, 2018

(Expressed in Canadian Dollars)

- common shares of POCML (the "Common Shares"); and (ii) a name change pursuant to which the Corporation will change its name to "MediPharm Labs Corp." or such other name as determined by MPL (the "Name Change"); and
- In addition to the foregoing, prior to the completion of the Transaction, MPL shall complete a split of the common shares in the capital of MPL on a 1 to 12.68 basis (the "Share Split"), resulting in an aggregate of approximately post-Share Split common shares of 91,845,855 MPL (the "MPL Shares").

Legally, the Transaction will result in AmalCo becoming a subsidiary of POCML. However, the result of the Transaction is that the former shareholders of MPL will own approximately 94.84% of the issued and outstanding common shares of the "Resulting Issuer". Therefore, the Transaction will be a reverse takeover ("RTO") of POCML and MPL will be deemed to be the acquirer for accounting purposes.

**3. Pro Forma Adjustments**

The unaudited pro-forma financial statement incorporates the following assumptions and adjustments:

The Transaction is to be accounted for as an RTO. Management has determined that POCML does not have the inputs and processes capable of producing outputs that are necessary to meet the definition of a business as defined by IFRS 3. Therefore, the Transaction has been recorded as a share-based payment whereby MPL has acquired the net assets of POCML and obtained a listing of its shares on the TSXV. The cost of acquisition was determined based on the fair value of the consideration paid plus transaction costs that are directly attributable to the Transaction as follows:

Fair value of shares of the Resulting Issuer held by the shareholders of POCML <sup>1</sup>	\$ 4,250,000
Fair value of the POCML options and broker warrants outstanding <sup>2</sup>	450,000
Estimated transaction costs <sup>3</sup>	500,000
	<u>\$ 5,200,000</u>

<sup>1</sup> The issued share capital of POCML consisted of 10,000,000 common shares. After the share Consolidation, the number of POCML common shares in the resulting issuer were 5,000,000. The fair value of these common shares was determined by reference to the price per common share of the June 29, 2018 brokered private placement completed by MPL which was \$0.85 per common share.

<sup>2</sup> June 30, 2018, POCML had the equivalent of 500,000 stock options and 70,000 broker warrants outstanding of the Resulting Issuer with an exercise price of \$0.20 with a maturity date of February 6, 2023 and February 9, 2020, respectively. The fair value of the options and broker warrants were determined using the Black Scholes Option Pricing Model with the following assumptions: exercise price of \$0.20, expected remaining life of 4.6 years for the options and 1.6 years for the broker warrants, expected future volatility of 147% for the options and 64% for the broker warrants, a risk free discount rate of 2.04% for the options and 1.9% for the broker warrants, and a dividend yield of nil.

<sup>3</sup> Estimated transaction costs of \$500,000 consist of exchange fees, consulting fees and professional fees that are directly attributable to the Transaction.

**MEDIPHARM LABS INC.**

NOTES TO PRO FORMA STATEMENT OF FINANCIAL POSITION (Unaudited – prepared by management)

June 30, 2018

(Expressed in Canadian Dollars)

The cost of the Transaction was first allocated to the net assets of POCML with the excess attributed to obtaining a listing on the TSXV as follows:

Net assets of POCML at June 30, 2018	\$ 496,411
Pro Forma net assets acquired	496,411
Excess attributed to expense of obtaining TSXV listing	4,703,589
	\$ 5,200,000

**4. Pro Forma Share Capital**

	Note	Number of shares	Amount
Outstanding common shares of MPL as at June 30, 2018	3	91,845,855	\$ 27,459,593
Share capital from POCML	3	5,000,000	4,250,000
Pro Forma Share Capital		96,826,251	\$ 31,709,593

**5. Pro Forma Effective Income Tax Rate**

The pro-form a income tax rate applicable to the operations for the near term is \$nil, due to the existences of income tax loss carry forwards and management's expectations of operating losses until the Company is issued its sales license under the ACMPR, which is anticipated to occur in the fall of 2018.

**SCHEDULE "D"**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR POCML4**

See attached.

# POCML 4 INC.

(a Capital Pool Corporation)

## Management's Discussion and Analysis

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**For the Quarter Ended: June 30, 2018**

**Date of Report: August 15, 2018**

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of POCML 4 Inc. ("POCML", the "Company", "we" or "our") should be read in conjunction with POCML's unaudited condensed interim financial statements and notes thereto as at and for the nine months ended June 30, 2018, and the audited financial statements for the period from January 23, 2017 (the date of incorporation of the Company) to September 30, 2017.

All financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts in this MD&A are reported in Canadian dollars.

### Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated investment activities and results and financing activities, the impact of changes in accounting policies and other factors on our operating results, and the performance of global capital markets and interest rates.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

### Nature of the Business and Incorporation:

POCML was incorporated under the *Business Corporation Act* (Ontario) on January 23, 2017 and is classified as a Capital Pool Corporation as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company's continuing operations, as intended, are dependent on its ability to secure equity financing

with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholder approval.

The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of a business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

The Company is domiciled in the province of Ontario, Canada and the head office and the registered head office of the Company is located at 130 King Street West, Suite 2210, Toronto, Ontario M5X 1E4.

The Company currently has one employee, David D'Onofrio, who is the Chief Executive Officer, Chief Financial Officer, Secretary and a director.

### **Results of Operations – Three months ended June 30, 2018**

The Company recorded a net loss and comprehensive loss of \$10,958 during the three months ended June 30, 2018. There was no comparative period as there has been no operating activity for the period from the date of incorporation (January 23, 2017) to September 30, 2017.

The net loss for the three months ended June 30, 2018 is represented by the following expenses incurred in the period:

Operating, general & administrative	\$ 11,949
Interest Income	\$ (991)
	<hr/>
	\$ 10,958

### **Results of Operations – Nine months ended June 30, 2018**

The Company recorded a net loss and comprehensive loss of \$107,754 during the nine months ended June 30, 2018. There was no comparative period as there has been no operating activity for the period from the date of incorporation (January 23, 2017) to September 30, 2017.

The net loss for the nine months ended June 30, 2018 is represented by the following expenses incurred in the period:

Operating, general & administrative	\$ 42,603
Professional fees	\$ 25,142
Stock based compensation	\$ 41,000
Interest Income	\$ (991)
	<hr/>
	\$ 107,754

The Company, during the nine months ended June 30, 2018, incurred expenses primarily related to stock based compensation as well as general operations (see information elsewhere in this MD&A).

## Liquidity and capital resources

As at September 30, 2017, the Company had \$400,000 in cash, and on June 30, 2018, the Company had \$508,989 in cash.

Total liabilities at June 30, 2018 were \$12,578, an increase of \$12,578 from September 30, 2017, when total liabilities were \$0.

Shareholder equity increased to \$557,650 as at June 30, 2018, up by \$157,650 from \$400,000 at September 30, 2017.

## Quarterly Financial Results

Quarter Ended	Revenue	Income / (Loss)	Income/ (Loss) per share
June 30, 2018	-	(10,958)	(0.00)
March 31, 2018	-	(74,860)	(0.06)
December 31, 2017	-	(21,936)	(0.00)

## Segmented Information

The Company has a single reportable geographic segment – Canada – and all of the Company's assets are located in Canada.

## Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

## Investor Relations

During the nine months ended June 30, 2018, the Company's management handled the Company's investor relations activities.

## Outstanding Share Capital as at June 30, 2018 and as of August 15, 2018

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(a) Authorized	
Unlimited number of common shares	
Unlimited number of special shares	
(b) Issued	
10,000,000 common shares	\$557,650

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(c) Escrowed shares:

On September 15, 2017, the Company issued 8,000,000 common shares at \$0.05 per share for total proceeds of \$400,000.

The issued and outstanding common shares are held in escrow pursuant to the requirements of the Exchange and 10% are to be released on completion of the Company's Qualifying Transaction (as such term is defined in Policy 2.4 of the Exchange) and 15% are to be released on each of the 6<sup>th</sup>, 12<sup>th</sup>, 18<sup>th</sup>, 24<sup>th</sup>, 30<sup>th</sup> and 36<sup>th</sup> months following the initial release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the final Exchange bulletin in respect of the Company's Qualifying Transaction is issued.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person (as such term is defined in the policies of the Exchange) are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

On February 6, 2018, the Company completed an initial public offering of 2,000,000 common shares at \$0.10 per share for gross proceeds of \$200,000 pursuant to a prospectus dated November 14, 2017. The Company paid cash commission and other expenses of \$12,335 and also issued 140,000 agent options to the registered agent. Each agent option entitles the holder to purchase one common share at a price of \$0.10 per common share until February 6, 2020.

In addition, the Company paid a commission of \$14,000, representing 7% of the aggregate gross proceeds of the offering, to the agent as compensation for acting as agent, and a corporate finance fee of \$10,000.

The cash raised from its initial public offering will be primarily used to pursue a qualifying transaction.

### **Transactions with Related Parties**

During the nine months ended June 30, 2018, the Company granted to directors an aggregate of 1,000,000 options to purchase common shares, exercisable at a price of \$0.10 per share for five years from the date of grant. There was no further compensation to key management personnel for the nine months ended June 30, 2018.

### **Financial Instruments**

The carrying values of cash, amounts receivable, and accounts payable and accrued liabilities approximate fair value due to the relatively short term maturities of these instruments.

### **Management of Capital**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company.

### **Future Change in Accounting Policies**

Refer to Note 2 in the Notes to the Condensed Interim Financial Statements as at and for the nine months ended June 30, 2018 for details of the Company's significant accounting policies. The following are future changes in accounting policies:

(a) *IFRS 9, Financial Instruments*

IFRS 9 Financial Instruments was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

### **Contingency**

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.

### **Risk Disclosures and Fair Value**

The Company's financial instruments, consisting of cash, amounts receivable and accounts payable and accrued liabilities approximates fair value due to the relatively short term maturities of the instrument. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

### **Additional Information**

Additional information relating to POCML, including its audited financial statements from incorporation (January 23, 2017) to September 30, 2017 and its prospectus dated November 14, 2017, are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Outlook**

Management believes the Company is well positioned to seek and complete a Qualifying Transaction. The Company believes that it has sufficient cash and capital resources pending completion of a Qualifying Transaction in accordance with the policies of the Exchange.

## Subsequent Events

### (a) Qualifying Transaction

The Company has entered into a master agreement dated July 16, 2018 with MediPharm Labs Inc. (“MediPharm”) which outlines the general terms and conditions of a proposed transaction (the “Transaction”) pursuant to which the Company will amalgamate with MediPharm (the “Amalgamation”) to form a newly amalgamated entity (“Amalco”). The Amalgamation is subject to regulatory approval, including the approval of the Exchange, and standard closing conditions, including completion of due diligence investigations to the satisfaction of each of the Company and MediPharm. Prior to completion of the Amalgamation, the Company proposes to effect a consolidation of the issued and outstanding POCML shares on the basis of one “new” POCML share for every two “old” POCML shares issued and outstanding (the “Consolidation”). The Amalgamation constitutes Company’s Qualifying Transaction.

MediPharm is a pioneer in the cannabis industry as the first company in Canada to become a licensed producer for cannabis oil production without first receiving a cannabis cultivation licence. This focus on cannabis concentrates allows MediPharm to work with its established, Health Canada-approved cultivation partners to produce pharmaceutical-grade cannabis oil with a competitive advantage focused on downstream secondary extraction methodology, distillation, and cannabinoid isolation and purification. MediPharm will provide contract processing of cannabis to Canadian authorized licensed producers and appropriate international growers and supplies cGMP (current good manufacturing practice) cannabis oil to qualified companies for sale under their own brand. In addition, MediPharm will supply raw materials and processing for the creation of ready-to-sell cannabis products.

Prior to entering into the master agreement, MediPharm completed a brokered private placement co-led by Canaccord Genuity Corp. and PowerOne Capital Markets Ltd. (“PowerOne”) of 2,070,571 units (“Units”) at a price of \$10.778 per Unit for aggregate gross proceeds of \$22,316,600. Each Unit consists of one MediPharm share and one-half of one share purchase warrant. Each warrant entitles the holder thereof to acquire an additional MediPharm share at a price of \$15.216 (the “Exercise Price”) until the date that is 24 months following the completion of the Transaction, subject to customary anti-dilution provisions. The MediPharm shares will be exchanged for post-Consolidation common shares of the Company based on the exchange ratio in connection with the Transaction, and the warrants will either be exchanged for equivalent securities of the Company or entitle the holders to acquire post-Consolidation common shares of the Company in lieu of MediPharm shares on the same terms, subject to adjustment in accordance with the exchange ratio, with the result that the effective price paid per Unit after giving effect to the Transaction will be \$0.85 cents, and the effective Exercise Price will be \$1.20. The agents received a cash commission equal to 7% of the gross proceeds raised in the offering and such number of broker warrants that is equal to 7% of the number of Units sold, provided that no cash commission was payable or broker warrants issuable in respect of up to \$4,000,000 in gross proceeds raised pursuant to MediPharm’s president’s list. Each broker warrant is exercisable to acquire one Unit at a price of \$10.778 until the date which is 24 months following the completion of the Transaction, subject to customary anti-dilution provisions.

The Company may be considered to be a related or connected issuer of PowerOne as a result of the following: (i) officers and directors of PowerOne are also serving as officers and/or directors of POCML; and (ii) an officer and director of PowerOne is also a controlling shareholder of POCML.

The net proceeds from the offering will be used to expand MediPharm’s business and for general corporate purposes.

Prior to the completion of the Transaction, the Company shall hold a meeting of its shareholders on August 23, 2018 for the purpose of approving, among other matters: (i) the Consolidation; (ii) election of the board of directors of the Company; and (iii) the approval of the Amalgamation. Upon closing of the Transaction, the board of Amalco shall be reconstituted to be comprised of five members nominated by MediPharm in a manner that complies with the requirements of the Exchange and applicable securities laws.

Completion of the Transaction is subject to a number of conditions, including, but not limited to, final Exchange acceptance and receipt of all applicable shareholder approvals. The Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed, or at all.

Further details about the proposed Transaction can be found in the POCML press release dated May 15, 2018 available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Internal Controls over Financial Reporting (“ICFR”)**

No changes have occurred in the current period in the Company’s ICFR that have materially affected, or are reasonably likely to materially affect, the Company’s ICFR.

### **Disclosure Controls and Procedures**

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company’s interim financial statements for the period ended June 30, 2018 (together, the “Interim Filings”).

The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings* (“NI 52-109”), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (“DC&P”) and ICFR, as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

**SCHEDULE "E"**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR MEDIPHARM**

See attached.

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**MEDIPHARM LABS INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**FINANCIAL CONDITION AND RESULTS**  
**OF OPERATIONS ("MD&A")**

For the Year's Ended December 31, 2017 and December 31, 2016

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")**

The following discussion and analysis of the financial condition and results of operations of MediPharm Labs Inc. ("MediPharm" or the "Company") for the fiscal year ended December 31, 2017 and compares these results to the previous fiscal year ended December 31, 2016. This MD&A should be read in conjunction with, the audited financial statements for the years ended December 31, 2017 and December 31, 2016. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in Canada. All monetary amounts in the MD&A are expressed in Canadian dollars, except per share amounts or as otherwise indicated.

The effective date of this MD&A is August 21, 2018

### **FORWARD-LOOKING STATEMENTS**

This MD&A includes forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical fact may be deemed to be forward looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts, but reflect management's expectations regarding future events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations.

### **DESCRIPTION OF THE BUSINESS**

MediPharm was incorporated under the OBCA on January 26, 2015 as 2451429 Ontario Inc. On April 14, 2016, MediPharm filed articles of amendment to change its name to MediPharm Labs Inc.

MediPharm was created in 2015, by pharmaceutical and healthcare industry experts in Ontario. With the medicinal benefits of cannabis established – and with a global patient market demanding quality cannabis oil – MediPharm was born. While initially exploring options to cultivate cannabis plant, MediPharm came to recognize the opportunity for a select focus on cannabis concentrates. MediPharm set out to master this area of production and rely on the many cultivating experts to provide quality raw materials.

In 2016, MediPharm applied to Health Canada for approval to distribute medicinal cannabis oil. MediPharm was one of the first licensed producer applications in history to apply for a license that did not include the cultivation of cannabis.

MediPharm's production facility is located in Barrie, Ontario in a light industrial area which complies with the city's zoning by-laws. As per Health Canada regulations, it is located well away from any residential and school zones. The building is a retrofitted warehouse that has been purpose-built for cannabis production. MediPharm's state of the art facility follows Good Manufacturing Practices (GMP) requirements and is designed to ISO 14644 standard cleanrooms and critical environments. The facility includes ISO 5, 7 and 8 cleanrooms depending on activity carried out in each. The standard of design and construction are currently the most innovative and technically advanced in the Canadian cannabis industry. Phase one of MediPharm's manufacturing facility has capacity to extract over 100,000 kg of dry cannabis annually with operational space to scale up capacity with the rapid growth in the industry.

The key to MediPharm quality is its best possible use of modern technology and innovative extraction techniques. MediPharm produces cannabis oil that is pharmaceutical grade and meets the specific quality and purity requirements.

The MediPharm executive team has proven industry experience in the areas of pharmaceutical extraction, processing and quality assurance.

On March 29, 2018, MediPharm received its License to Produce Cannabis Oil and Cannabis Live Resin from Health Canada pursuant to the Access to Cannabis For Medical Purposes Regulations (“ACMPR”) (the “Production License”).

MediPharm commenced construction of a world-class extraction facility in Australia in June 2018. MediPharm Australia is MediPharm’s first expansion outside of Canada. MediPharm Australia completed its application process with the federal Office of Drug Control in February 2018 to extract and import medical cannabis products in Australia.

On March 22, 2018, the Company closed a financing of \$2,962,083 and issued 796,259 units (the “Units”). Each Unit consisting of one common share and warrant (the “Warrants”), entitling the holder to acquire an additional common share at \$6.00 per share until the date that is two years following a liquidity event (the “Warrant Term”). A liquidity event is defined as the date the Company’s shares are listed or quoted on any of the TSX Venture Exchange, the Toronto Stock Exchange, the CSE, NASDAQ, AIM, LSE or NYSE, or any other stock exchange which is acceptable to Power One Capital Markets Limited. The Company paid a cash finder’s fee of \$175,000 and issued a finder’s warrants entitling the holder to acquire 47,043 Units.

On June 1, 2018 and June 29, 2018, the Company closed private placements and issued 2,070,571 units (the “June Units”) for proceeds of \$22,316,600. Each June Unit consists of one common share and one half warrant (each whole warrant, a “June Warrant”). Each June Warrant will entitle the holder to acquire an additional common share of the Company at a price of \$15.216 until the date that is 24 months following the completion of the transaction – see below. The agents received a fee of \$1,282,163 together with 118,961 broker warrants (the “Broker Warrants”). Broker Warrants are exercisable to acquire one June Unit at a price of C\$10.778 until the date which is 24 months following the completion of the Transaction (see below).

On July 13, 2018, the Company entered into an agreement with POCML 4 Inc. (“POMCL”) with respect to a proposed business combination (the “Transaction”). The Transaction will result in a reverse take-over of POCML by the shareholders of the Company. For further information regarding the Transaction, please refer to the press releases of the POMCL dated May 15, 2018, May 31, 2018 and June 29, 2018 available on SEDAR at [www.sedar.com](http://www.sedar.com).

On August 14, 2018, MediPharm acquired from the treasury of MediPharm Australia an additional 145 ordinary shares to bring its total share ownership in MediPharm Australia to 195 ordinary shares. As a result, MediPharm’s percentage ownership in MediPharm Australia increased from 51% to 80%. In exchange for the additional 145 ordinary shares, MediPharm paid CDN\$500,000 in cash to MediPharm Australia and issued MediPharm Australia a Promissory Note for CDN\$800,000. The Promissory Note is unsecured, bears interest at 1% per annum and matures on September 30, 2018.

## SELECTED ANNUAL INFORMATION

Statement of Comprehensive Loss	Year Ended December 31,	
	2017	2016
	\$	\$
Expenses	948,067	133,936
Net loss	(995,073)	(133,936)
Total comprehensive loss	(995,337)	(133,936)
Weighted average common shares outstanding	2,425,285	2,000,000
Loss per share	(0.41)	(0.07)

Statement of Financial Position	December 31,	
	2017	2016
	\$	\$
Total assets	5,393,142	262,185
Working capital	674,628	215,459
Total liabilities	2,524,334	46,726
Long-term liabilities	-	-
Share capital and reserves	4,042,860	109,174
Deficit	(1,169,178)	(178,715)

The focus of the Company's operations during 2016 and 2017 was the pursuit of its Production License and the building of its production facility in Barrie Ontario. The Company was issued its Production License in March 29, 2018 and its facility opened in the first quarter of fiscal 2018.

## RESULTS OF OPERATIONS

Summary of results for the fiscal year ended December 31, 2017 compared to fiscal year ended December 31, 2016.

The following table sets out the statement of comprehensive loss for the years ended December 31, 2017 and December 31, 2016:

Statement of Comprehensive Loss	Year Ended December 31,	
	2017	2016
	\$	\$
<b>Expenses</b>		
Advertising sales and promotion	7,927	9,655
Consulting fees	618,805	66,624
Office and administration	8,794	3,013
Professional fees	21,829	12,500
Rent and occupancy fees	201,026	-
Salaries and benefits	8,569	-
Travel and entertainment	81,117	42,144
	<b>948,067</b>	<b>133,936</b>
	-	-
Interest income	16,000	-
Interest expense	(22,999)	-
Accetion expense	(40,007)	-
<b>Net loss</b>	<b>(995,073)</b>	<b>(133,936)</b>

## Revenues

MediPharm had no revenues as it is not yet able to sell product pursuant to its existing license.

## Operating expenses

Net loss for the year ended December 31, 2017 was \$995,073 (2016 - \$133,936), operating expenses were up over the prior year as a result of the company beginning construction of its production facility during the fiscal year ended December 31, 2017 and costs incurred while the Company pursued its production license.

Consulting fees of \$618,805 (2016 - \$66,624) increased over the prior year due to increased activity from the facility build out and pursuit of production license.

Professional fees of \$21,829 (2016 - \$12,500) increased as a result of legal fees incurred on the production license and the three financings completed during fiscal 2017.

Rent and occupancy costs of \$201,026 (2016 - \$NIL) increased as the Company leased its production facility during fiscal 2017.

Travel and entertainment of \$81,117 (2016 - \$42,144) increased over the prior fiscal year as the result of increased activity during fiscal 2017 as management built business relationships in advance of receiving its production license.

## Other expenses:

Interest income of \$16,000 (2016 - \$NIL) was from a short-term loan issued and repaid during fiscal 2017.

Interest expense of \$22,999 (2016 - \$NIL) and accretion expense of \$40,007 (2016 - \$NIL) were incurred on the convertible debentures issued during fiscal 2017.

## Loss per common share

The table below presents the basic and diluted loss per common share for each of the comparative fiscal years ended December 31, 2017 and December 31, 2016.

	Year Ended December 31,	
	2017	2016
	\$	\$
Basic and diluted loss per common share	(0.41)	(0.07)
Weighted average number of common shares	2,425,285	2,000,000

Due to a net loss from operations, financial instruments, including warrants and options, are anti-dilutive.

## Liquidity

The Company's objectives when managing its liquidity and capital structure are to generate sufficient cash to fund the Company's operating and growth strategy. MediPharm secured new equity investments and new convertible debentures during fiscal 2017 to finance the application of its Production License, the build out of its production facility and to cover ongoing operations.

As at December 31, 2017 the Company had cash of \$2,492,800 (2016 - \$262,185) and working capital of

\$674,628 (2016 - \$215,459). The increase in cash and working capital as compared to the prior year was primarily the result of the closing of the January 2017 and December 2017 equity financings and the issuance of convertible debentures in October 2017 for gross cash proceeds of \$740,000, \$2,501,374 and \$1,315,000, respectively.

## **SHARE CAPITAL**

Authorized share capital

Unlimited number of common shares without par value.

As at December 31, 2017 the Company had 3,388,195 common shares outstanding and as at the date of this MD&A the Company had 6,770,822 common shares outstanding.

### **Share capital issuances**

During the year ended December 31, 2016, the Company received subscription proceeds of \$285,000 in advance of the financing that closed January 2, 2017.

On January 2, 2017 the Company issued 45,000 shares for consulting services of \$90,000.

On January 2, 2017, the Company closed a financing of \$740,000 and issued 370,000 common shares.

On December 27, 2017, the Company issued 139,404 shares at \$3.00 per share in exchange for services provided relating to consulting and leasehold improvements for total services of \$418,212.

On December 27, 2017, the Company closed a private placement of \$3,565,626 for 1,188,542 shares at \$3.00 per share. On December 27, 2017, the Company issued 978,784 shares at \$3.00 per share for total proceeds of \$2,936,352 as only a portion of the proceeds had been received. The 209,758 shares remaining were issued in January 2018 at \$3.00 per share for additional proceeds of \$629,257.

On March 22, 2018, the Company closed a financing of \$2,962,083 and issued 796,259 units (the "Units"). Each Unit consisting of one common share and warrant (the "Warrants"), entitling the holder to acquire an additional common share at \$6.00 per share until the date that is two years following a liquidity event (the "Warrant Term"). A liquidity event is defined as the date the Company's shares are listed or quoted on any of the TSX Venture Exchange, the Toronto Stock Exchange, the CSE, NASDAQ, AIM, LSE or NYSE, or any other stock exchange, which is acceptable to Power One Capital Markets Limited. The Company paid a cash finder's fee of \$175,000 and issued a finder's warrants (the "Finder's Warrants") entitling the holder to acquire 47,043 Units. The fair value of the finder's warrants issued was estimated using the Black Scholes option pricing model to be \$261,481 using the following assumptions: estimated volatility of 83%, expected life of 2.5 years and a risk free rate of 1.81%.

On March 29, 2018, 250,000 stock options were exercised into common shares for proceeds of \$25,000.

On June 1, 2018 and June 29, 2018, the Company closed private placements and issued 2,070,571 units (the "June Units") for gross proceeds of \$22,316,600. Each June Unit consisted of one common share and one half warrant (each whole warrant, a "June Warrant"). Each June Warrant will entitle the holder to acquire an additional common share of the Company at a price of \$15.216 per common share until the date that is 24 months following the completion of the Transaction – see Subsequent Events Note 14. The agents received a cash fee of \$1,282,163 together with 118,961 broker warrants (the "Broker Warrants"). The Broker Warrants are exercisable to acquire one June Unit at a price of C\$10.778 until the date, which is 24 months following the completion of the Transaction. The fair value of the Broker Warrants issued was estimated using the Black Scholes option pricing model to be \$1,638,235 using the following assumptions: estimated volatility of 71%, expected life of 2.5 years and a risk free rate of 1.90%.

### **Outstanding options**

As at December 31, 2017 the company had 250,000 stock options outstanding. As at the date of this MD&A the Company had 464,480 stock options outstanding.

As at December 31, 2017, 2016 and 2015, the Company had 250,000 options outstanding and exercisable with that expire on December 20, 2021 and have an exercise price of \$0.10.

### **Outstanding warrants**

As at December 31, 2017, the Company had NIL warrants outstanding. At the date of this MD&A the Company had 2,104,521 warrants outstanding.

### **Convertible debt**

On October 6, 2017, the Company issued secured convertible debentures (the "Debentures") for gross proceeds of \$1,315,000 with an annual interest of 8% and a maturity date of December 31, 2018. The Debentures are convertible into common shares of the company at a price of \$3 per common share.

### **OFF BALANCE SHEET ARRANGEMENTS**

As of December 31, 2017, the Company had no off-balance-sheet arrangements.

### **RELATED PARTY TRANSACTIONS**

The Company has determined that key management personnel consist of directors and officers. The remuneration to directors during the years ended December 31, 2017 and 2016 was \$72, 905 and \$11,600, respectively.

As at December 31, 2017, \$11,778 (2016 - \$24,862) is due to related parties for reimbursement of expenses. The outstanding balance is non-interest bearing, unsecured and due on demand.

### **COMMITMENTS**

At December 31, 2017, the Company has obligations under operating leases for its corporate office facilities.

<b>Year</b>	
2018	\$ 171,903
2019	180,540
2020	189,484
2021	199,001
2022	209,316
Thereafter	284,657
<b>Total Commitments</b>	<b>\$ 1,234,901</b>

### **CAPITAL MANAGEMENT**

The Company manages its capital to ensure that there are adequate capital resources to safeguard the

Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of shareholders' equity comprising of share capital, contributed surplus, warrants and deficit. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. In order to facilitate the management of capital, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new shares through private placement, incur debt or return of capital to shareholders.

There have been no changes made to the capital management policy during the years ended December 31, 2017 and 2016.

## **RISKS AND UNCERTAINTIES**

The Company operates in rapidly changing environment that involves risks and uncertainties and as a result management expectations may not be realized for a number of reasons. An investment in MediPharm common shares is speculative and involves a high degree of risk and uncertainty. The current regulatory uncertainty poses additional risks and uncertainties which may materially affect management's expectations.

### **Requirement for Permits and Licenses**

The operations of MediPharm require it to obtain licenses for the production and distribution of cannabis oil, and in some cases, renewals of existing licenses from, and the issuance of permits by certain national authorities in Canada and Australia. MediPharm believes that it currently holds or has applied for all necessary licenses and permits to carry on the activities which it is currently conducting under applicable laws and regulations, and also believes that it is complying in all material respects with the terms of such licenses and permits. In addition, MediPharm will apply for, as the need arises, all necessary licenses and permits to carry on the activities it expects to conduct in the future. However, the ability of MediPharm to obtain, sustain or renew any such licenses and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Any loss of interest in any such required license or permit, or the failure of any governmental authority to issue or renew such licenses or permits upon acceptable terms, would have a material adverse impact.

The MediPharm License expires on March 29, 2021. Although MediPharm believes it will meet the requirements of the ACMPR for a renewal of the MediPharm License, there can be no guarantee that Health Canada will renew the MediPharm License or, if it is renewed, that it will be renewed on the same or similar terms. Should Health Canada not renew the MediPharm License or should it renew the MediPharm License on different terms, the business, financial condition and results of the operation of MediPharm would be materially adversely affected.

MediPharm does not yet have its distribution license pursuant to the ACMPR and although it anticipates receiving such license in the fall of 2018, there can be no guarantee that MediPharm will receive it in the anticipated time period or at all.

MediPharm operates in a purpose-built facility designed and executed to a current Good Manufacturing Standard (cGMP). Actual cGMP certification is ongoing and there is an inherent risk that this certification will not take place. If cGMP certification is achieved, there are ongoing standards and thresholds that must be adhered to in order to maintain certification. Although MediPharm anticipates receiving cGMP certification, there can be no guarantee that it will be achieved or maintained.

## **Regulatory Risks**

The operations of the Company will be subject to various laws governing the production and distribution of cannabis oil, taxes, labour standards and occupational health, toxic substances, land use, water use, and other matters.

The ACMPR is a new regime and as such, revisions to the regime could be implemented which could have an impact on operations.

Furthermore, although the operations of each of MediPharm are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the ability to produce cannabis oil and related products. Amendments to current laws and regulations governing the distribution, transportation and/or production of cannabis oil or related products, or more stringent implementation thereof could have a substantial adverse impact.

## **Ongoing Need for Financing**

As the Company will have limited revenue, its ability to continue operations will be largely reliant on its continued attractiveness to equity investors. The Company is expected to incur operating losses as it continues to expend funds to develop its business operations. Even if its financial resources are sufficient to fund its current operations, there is no guarantee that the Company will be able to achieve its business objectives. The continued development of MediPharm following will require substantial additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the going out of business. The primary source of funding available to the Company will consist of equity financing. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards.

## **Competition**

The marijuana production industry is competitive in all of its phases. The Company will face strong competition from other companies in connection with such matters. Many of these companies have greater financial resources, operational experience and technical capabilities than MediPharm. As a result of this competition, the Company may be unable to maintain its operations or develop them as currently proposed, on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Company could be materially adversely affected.

Because of early stage of the industry in which MediPharm operates, the Company may face additional competition from new entrants. If the number of users of marijuana in Canada increases, the demand for products will increase and expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company 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.

## **Supply of Cannabis**

MediPharm does not cultivate cannabis to supply itself with cannabis leaves, flowers and trim to operate its oil extraction business. Currently, MediPharm acquires cannabis from third parties in amounts sufficient to operate its oil extraction business. However, there can be no assurance that there will continue to be a supply of cannabis available for MediPharm to purchase in order to operate its oil extraction business. Additionally, the price of cannabis may rise which would increase MediPharm's cost of goods. If MediPharm were unable to acquire the cannabis required to operate its oil extraction business or if the price of cannabis increases, it could have a material adverse impact on the business of MediPharm, its financial condition and results from operations.

## **Financial Risk Management**

### Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk, and foreign currency risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to its holdings of cash. Cash is held with a major Canadian chartered bank, from which management believes the risk of loss to be minimal.

### Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

### Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in interest rate. The Company is exposed to interest rate risk on its cash and debt instruments and has determined there is no material exposure related to interest rate risk.

## **FINANCIAL INSTRUMENTS**

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in

current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

## **SUBSEQUENT EVENTS**

On December 27, 2017, the Company closed a private placement of \$3,565,626 for 1,188,542 shares at \$3.00 per share. On December 27, 2017, the Company issued 978,784 shares at \$3.00 per share for total proceeds of \$2,936,352 as only a portion of the proceeds had been received. The 209,758 shares remaining were issued in January 2018 at \$3.00 per share for additional proceeds of \$629,257.

On January 2, 2018 the Company issued 285,000 stock options to acquire up to 285,000 common shares of the Company at an Exercise price of \$3.00 per common share exercisable until January 2, 2023.

On March 22, 2018, the Company closed a financing of \$2,962,083 and issued 796,259 units (the "Units"). Each Unit consisting of one common share and warrant (the "Warrants"), entitling the holder to acquire an additional common share at \$6.00 per share until the date that is two years following a liquidity event (the "Warrant Term"). A liquidity event is defined as the date the Company's shares are listed or quoted on any of the TSX Venture Exchange, the Toronto Stock Exchange, the CSE, NASDAQ, AIM, LSE or NYSE, or any other stock exchange which is acceptable to Power One Capital Markets Limited. The Company paid a cash finder's fee of \$175,000 and issued a finder's warrants entitling the holder to acquire 47,043 Units.

On March 29, 2018, 250,000 stock options were exercised into common shares for proceeds of \$25,000.

On April 30, 2018, the Company issued 179,480 stock options at an exercise price of \$3.00 per common share exercisable until April 30, 2023.

On June 1, 2018 and June 29, 2018, the Company closed private placements and issued 2,070,571 units (the "June Units") for proceeds of \$22,316,600. Each June Unit consists of one common share and one half warrant (each whole warrant, a "June Warrant"). Each June Warrant will entitle the holder to acquire an additional common share of the Company at a price of \$15.216 until the date that is 24 months following the completion of the transaction – see below. The agents received a fee of \$1,282,163 together with 118,961 broker warrants (the "Broker Warrants"). Broker Warrants are exercisable to acquire one June Unit at a price of C\$10.778 until the date which is 24 months following the completion of the Transaction.

On July 16, 2018, MediPharm entered into a definitive agreement with POCML 4 Inc. ("POMCL") with respect to a proposed business combination (the "Transaction"). The Transaction will result in a reverse take-over of POCML by the shareholders of the Company.

On August 14, 2018, MediPharm acquired from the treasury of MediPharm Australia an additional 145 ordinary shares to bring its total share ownership in MediPharm Australia to 195 ordinary shares. As a result, MediPharm's percentage ownership in MediPharm Australia increased from 51% to 80%. In exchange for the additional 145 ordinary shares, MediPharm paid CDN\$500,000 in cash to MediPharm Australia and issued MediPharm Australia a Promissory Note for CDN\$800,000. The Promissory Note is unsecured, bears interest at 1% per annum and matures on September 30, 2018.

#### **APPROVAL**

The directors of MediPharm have approved the disclosures in this MD&A

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**MEDIPHARM LABS INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**FINANCIAL CONDITION AND RESULTS**  
**OF OPERATIONS ("MD&A")**

Six Months Ended June 30, 2018

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")**

The following discussion and analysis of the financial condition and results of operations of MediPharm Labs Inc. ("MediPharm" or the "Company") for the six month period ended June 30, 2018. This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the six-month period ended June 30, 2018 and the consolidated audited financial statements for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") in Canada. All monetary amounts in the MD&A are expressed in Canadian dollars, except per share amounts or as otherwise indicated.

The effective date of this MD&A is August 21, 2018

### **FORWARD-LOOKING STATEMENTS**

This MD&A includes forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical fact may be deemed to be forward looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts, but reflect management's expectations regarding future events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations.

### **DESCRIPTION OF THE BUSINESS**

MediPharm was incorporated under the OBCA on January 26, 2015 as 2451429 Ontario Inc. On April 14, 2016, MediPharm filed articles of amendment to change its name to MediPharm Labs Inc.

MediPharm was created in 2015, by pharmaceutical and healthcare industry experts in Ontario. With the medicinal benefits of cannabis established – and with a global patient market demanding quality cannabis oil – MediPharm was born. While initially exploring options to cultivate cannabis plant, MediPharm came to recognize the opportunity for a select focus on cannabis concentrates. MediPharm set out to master this area of production and rely on the many cultivating experts to provide quality raw materials.

In 2016, MediPharm applied to Health Canada for approval to distribute medicinal cannabis oil. MediPharm was one of the first licensed producer applications in history to apply for a license that did not include the cultivation of cannabis.

MediPharm's production facility is located in Barrie, Ontario in a light industrial area which complies with the city's zoning by-laws. As per Health Canada regulations, it is located well away from any residential and school zones. The building is a retrofitted warehouse that has been purpose-built for cannabis production. MediPharm's state of the art facility follows Good Manufacturing Practices (GMP) requirements and is designed to ISO 14644 standard cleanrooms and critical environments. The facility includes ISO 5, 7 and 8 cleanrooms depending on activity carried out in each. The standard of design and construction are currently the most innovative and technically advanced in the Canadian cannabis industry. Phase one of MediPharm's manufacturing facility has capacity to extract over 100,000 kg of dry cannabis annually with operational space to scale up capacity with the rapid growth in the industry.

The key to MediPharm quality is its best possible use of modern technology and innovative extraction techniques. MediPharm produces cannabis oil that is pharmaceutical grade and meets the specific quality and purity requirements.

The MediPharm executive team has proven industry experience in the areas of pharmaceutical extraction, processing and quality assurance.

On March 29, 2018, MediPharm received its License to Produce Cannabis Oil and Cannabis Live Resin from Health Canada pursuant to the Access to Cannabis For Medical Purposes Regulations (“ACMPR”) (the “Production License”).

MediPharm commenced construction of a world-class extraction facility in Australia in June 2018. MediPharm Australia is MediPharm’s first expansion outside of Canada. MediPharm Australia completed its application process with the federal Office of Drug Control in February 2018 to extract and import medical cannabis products in Australia.

On March 22, 2018, the Company closed a financing of \$2,962,083 and issued 796,259 units (the “Units”). Each Unit consisting of one common share and warrant (the “Warrants”), entitling the holder to acquire an additional common share at \$6.00 per share until the date that is two years following a liquidity event (the “Warrant Term”). A liquidity event is defined as the date the Company’s shares are listed or quoted on any of the TSX Venture Exchange, the Toronto Stock Exchange, the CSE, NASDAQ, AIM, LSE or NYSE, or any other stock exchange which is acceptable to Power One Capital Markets Limited. The Company paid a cash finder’s fee of \$175,000 and issued a finder’s warrants entitling the holder to acquire 47,043 Units.

On June 1, 2018 and June 29, 2018, the Company closed private placements and issued 2,070,571 units (the “June Units”) for proceeds of \$22,316,600. Each June Unit consists of one common share and one half warrant (each whole warrant, a “June Warrant”). Each June Warrant will entitle the holder to acquire an additional common share of the Company at a price of \$15.216 until the date that is 24 months following the completion of the transaction – see below. The agents received a fee of \$1,282,163 together with 118,961 broker warrants (the “Broker Warrants”). Broker Warrants are exercisable to acquire one June Unit at a price of C\$10.778 until the date which is 24 months following the completion of the Transaction (see below).

On July 13, 2018, the Company entered into an agreement with POCML 4 Inc. (“POMCL”) with respect to a proposed business combination (the “Transaction”). The Transaction will result in a reverse take-over of POCML by the shareholders of the Company. For further information regarding the Transaction, please refer to the press releases of the POMCL dated May 15, 2018, May 31, 2018 and June 29, 2018 available on SEDAR at [www.sedar.com](http://www.sedar.com).

On August 14, 2018, MediPharm acquired from the treasury of MediPharm Australia an additional 145 ordinary shares to bring its total share ownership in MediPharm Australia to 195 ordinary shares. As a result, MediPharm’s percentage ownership in MediPharm Australia increased from 51% to 80%. In exchange for the additional 145 ordinary shares, MediPharm paid CDN\$500,000 in cash to MediPharm Australia and issued MediPharm Australia a Promissory Note for CDN\$800,000. The Promissory Note is unsecured, bears interest at 1% per annum and matures on September 30, 2018.

## SELECTED FINANCIAL INFORMATION

Statement of Comprehensive Loss	Six Months Ended June 30,	
	2018	2017
	\$	\$
Expenses	2,756,914	213,051
Net loss	(2,950,505)	(213,051)
Total comprehensive loss	(2,952,890)	(213,051)
Weighted average common shares outstanding	4,252,303	2,415,000
Loss per share	(0.69)	(0.09)

Statement of Financial Position	June 30,	December 31,
	2018	2017
	\$	\$
Total assets	30,759,766	5,393,142
Working capital	20,907,891	674,628
Total liabilities	4,968,541	2,524,334
Long-term liabilities	-	-
Share capital and reserves	29,917,903	4,042,860
Deficit	(4,089,074)	(1,169,178)

## RESULTS OF OPERATIONS

Summary of results for the six-month period ended June 30, 2018 compared to the six month period ended June 30, 2017.

The following table sets out the statement of comprehensive loss for the six month period ended June 30, 2018 and June 30, 2017:

Statement of Comprehensive Loss	Six Months Ended June 30,	
	2018	2017
	\$	\$
<b>Expenses</b>		
Advertising sales and promotion	142,352	6,206
Consulting fees	129,447	168,525
Research and production testing	204,573	-
Office and administration	41,883	2,703
Professional fees	83,121	13,040
Stock-based compensation	1,226,510	-
Amortization	257,301	-
Rent and occupancy fees	215,378	1,647
Salaries and benefits	409,894	-
Travel and entertainment	46,455	20,930
	<b>2,756,914</b>	<b>213,051</b>
Interest expense	(87,685)	-
Accetion expense	(91,294)	-
Foreign exchange loss	(14,612)	-
<b>Net loss</b>	<b>(2,950,505)</b>	<b>(213,051)</b>

## Revenues

MediPharm had no revenues as it is not yet able to sell product pursuant to its existing license.

## Operating expenses

Net loss for the six month period ended June 30, 2018 was \$2,950,505 (2017 - \$213,051), operating expenses were up over the prior year as a result of the company opening its production facility in the first quarter of fiscal 2018, receiving its Production License in March 2018 and incurring stock-based compensation expense of \$1,226,510 on the issuance of stock options during the period.

Advertising and promotion of \$142,352 (2017 - \$6,206) increased over the same period in fiscal 2017 as a result of expanded marketing upon securing its Production License and the opening of the production facility.

Consulting fees of \$129,447 (2017 - \$168,525) decreased as compared to the same period in 2017 as a number of consultants became employees of the Company and are now included in salaries and benefits expense.

Research and production testing expense of \$204,573 (2017 - \$NIL) increased with the opening of the production facility in the first quarter of fiscal 2018. Expense includes the cost of raw material to test the production systems and research.

Professional fees of \$83,121 (2017 - \$13,040) increased as a result of increased legal fees incurred related to financings and increased business activity.

Rent and occupancy costs of \$215,378 (2017 - \$1,647) increased as a result of the facility lease not beginning until the last six months of fiscal 2017.

Salaries and benefits of \$409,894 (2017 - \$NIL) increased as a result of the Company hiring employees upon opening its production facility in the first quarter of 2018 and receiving its Production License.

Travel and entertainment of \$46,455 (2017 - \$20,930) increased over the same period in fiscal 2017 as the result of increased activity on receiving the Production License in March 2018.

## Other expenses:

Interest expense of \$87,686 (2017 - \$NIL) and accretion expense of \$91,294 (2017 - \$NIL) were incurred on the convertible debentures issued in October 2017.

## Loss per common share

The table below presents the basic and diluted loss per common share for each of the comparative six month periods ended June 30, 2018 and June 30, 2017.

	Six Months Ended June 30,	
	2018	2017
	\$	\$
Basic and diluted loss per common share	(0.69)	(0.09)
Weighted average number of common	4,252,303	2,415,000

Due to a net loss from operations, financial instruments, including warrants and options, are anti-dilutive.

## **Liquidity**

The Company's objectives when managing its liquidity and capital structure are to generate sufficient cash to fund the Company's operating and growth strategy. MediPharm secured new equity investments during the first six months of fiscal 2018 to expand its Barrie, Ontario production facility, invest in a new facility in Australia and to cover ongoing operations.

As at June 30, 2018 the Company had cash of \$20,026,722 (December 31, 2017 - \$2,492,800) and working capital of \$20,907,891 (December 31, 2017 - \$674,628). The increase in cash and working capital as compared to the year ended December 31, 2017 was primarily the result of the closing of the March 2018 and June 2018 equity financings for gross cash proceeds of \$2,962,083 and \$22,316,600, respectively.

## **SHARE CAPITAL**

Authorized share capital

Unlimited number of common shares without par value.

As at June 30, 2018 and the date of this MD&A the Company had 6,770,822 common shares outstanding.

### **Share capital issuances**

During the year ended December 31, 2016, the Company received subscription proceeds of \$285,000 in advance of the financing that closed January 2, 2017.

On January 2, 2017 the Company issued 45,000 shares for consulting services of \$90,000.

On January 2, 2017, the Company closed a financing of \$740,000 and issued 370,000 common shares.

On December 27, 2017, the Company issued 139,404 shares at \$3.00 per share in exchange for services provided relating to consulting and leasehold improvements for total services of \$418,212.

On December 27, 2017, the Company closed a private placement of \$3,565,626 for 1,188,542 shares at \$3.00 per share. On December 27, 2017, the Company issued 978,784 shares at \$3.00 per share for total proceeds of \$2,936,352 as only a portion of the proceeds had been received. The 209,758 shares remaining were issued in January 2018 at \$3.00 per share for additional proceeds of \$629,257.

On March 22, 2018, the Company closed a financing of \$2,962,083 and issued 796,259 units (the "Units"). Each Unit consisting of one common share and warrant (the "Warrants"), entitling the holder to acquire an additional common share at \$6.00 per share until the date that is two years following a liquidity event (the "Warrant Term"). A liquidity event is defined as the date the Company's shares are listed or quoted on any of the TSX Venture Exchange, the Toronto Stock Exchange, the CSE, NASDAQ, AIM, LSE or NYSE, or any other stock exchange, which is acceptable to Power One Capital Markets Limited. The Company paid a cash finder's fee of \$175,000 and issued a finder's warrants (the "Finder's Warrants") entitling the holder to acquire 47,043 Units. The fair value of the finder's warrants issued was estimated using the Black Scholes option pricing model to be \$261,481 using the following assumptions: estimated volatility of 83%, expected life of 2.5 years and a risk free rate of 1.81%.

On March 29, 2018, 250,000 stock options were exercised into common shares for proceeds of \$25,000.

On June 1, 2018 and June 29, 2018, the Company closed private placements and issued 2,070,571 units (the "June Units") for gross proceeds of \$22,316,600. Each June Unit consisted of one common share and one half warrant (each whole warrant, a "June Warrant"). Each June Warrant will entitle the holder to acquire an additional common share of the Company at a price of \$15.216 per common share until the

date that is 24 months following the completion of the Transaction – see Subsequent Events Note 14. The agents received a cash fee of \$1,282,163 together with 118,961 broker warrants (the “Broker Warrants”). The Broker Warrants are exercisable to acquire one June Unit at a price of C\$10.778 until the date, which is 24 months following the completion of the Transaction. The fair value of the Broker Warrants issued was estimated using the Black Scholes option pricing model to be \$1,638,235 using the following assumptions: estimated volatility of 71%, expected life of 2.5 years and a risk free rate of 1.90%.

### Outstanding options

As at June 30, 2018 and the date of this MD&A the Company had 464,480 stock options outstanding.

A continuity of the Company’s stock options is as follows:

	Options	Weighted average exercise price \$	Weighted average # years to expiry
Balance, December 31, 2016 and 2017	250,000	0.10	
Granted	464,480	3.00	4.64
Exercised	(250,000)	0.10	
<b>Balance, June 30, 2018</b>	<b>464,480</b>	<b>3.00</b>	<b>4.64</b>

### Outstanding warrants

As at June 30, 2018 and the date of this MD&A the Company had 2,104,521 warrants outstanding.

A summary of changes in share purchase warrants outstanding is as follows:

	Warrants outstanding	Weighted average exercise price \$	Weighted average number of years to expiry
Balance, December 31, 2017	-	-	
Issued – Private placements	1,831,995	11.21	2.25
Issued – Finder’s Warrants	94,086	4.86	2.25
Issued – Broker Warrants	178,440	12.26	2.25
<b>Balance, June 30, 2018</b>	<b>2,104,521</b>	<b>11.02</b>	<b>2.25</b>

### Convertible debt

On October 6, 2017, the Company issued secured convertible debentures (the “Debentures”) for gross proceeds of \$1,315,000 with an annual interest of 8% and a maturity date of December 31, 2018. The Debentures are convertible into common shares of the company at a price of \$3 per common share.

### OFF BALANCE SHEET ARRANGEMENTS

As of June 30, 2018, the Company had no off-balance-sheet arrangements.

### RELATED PARTY TRANSACTIONS

The Company has determined that key management personnel consist of directors and officers. The

remuneration to directors and officers during the period ended June 30, 2018 was \$246,587 (2017 - \$5,339).

As at June 30, 2018 and December 31, 2017 \$11,778 is due to related parties for reimbursement of expenses. The outstanding balance is non-interest bearing, unsecured and due on demand.

During the period ended June 30, 2018 the Company issued 240,000 options to related parties of the Company for total share based compensation of \$635,870.

## COMMITMENTS

### *Operating lease*

The Company has obligations under operating leases for its corporate office facilities.

<b>Year</b>		
2018	\$	87,162
2019		180,540
2020		189,484
2021		199,001
2022		209,316
Thereafter		284,657
<b>Total Commitments</b>	<b>\$</b>	<b>1,150,160</b>

## CAPITAL MANAGEMENT

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of shareholders' equity comprising of share capital, contributed surplus, warrants and deficit. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. In order to facilitate the management of capital, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new shares through private placement, incur debt or return of capital to shareholders.

There have been no changes made to the capital management policy during the period ended June 30, 2018.

## RISKS AND UNCERTAINTIES

The Company operates in rapidly changing environment that involves risks and uncertainties and as a result management expectations may not be realized for a number of reasons. An investment in MediPharm common shares is speculative and involves a high degree of risk and uncertainty. The current regulatory uncertainty poses additional risks and uncertainties which may materially affect management's expectations.

### **Requirement for Permits and Licenses**

The operations of MediPharm require it to obtain licenses for the production and distribution of cannabis oil, and in some cases, renewals of existing licenses from, and the issuance of permits by certain national authorities in Canada and Australia. MediPharm believes that it currently holds or has applied for all necessary licenses and permits to carry on the activities which it is currently conducting under applicable laws and regulations, and also believes that it is complying in all material respects with the terms of such

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

The MediPharm License expires on March 29, 2021. Although MediPharm believes it will meet the requirements of the ACMPR for a renewal of the MediPharm License, there can be no guarantee that Health Canada will renew the MediPharm License or, if it is renewed, that it will be renewed on the same or similar terms. Should Health Canada not renew the MediPharm License or should it renew the MediPharm License on different terms, the business, financial condition and results of the operation of MediPharm would be materially adversely affected.

MediPharm does not yet have its distribution license pursuant to the ACMPR and although it anticipates receiving such license in the fall of 2018, there can be no guarantee that MediPharm will receive it in the anticipated time period or at all.

MediPharm operates in a purpose-built facility designed and executed to a current Good Manufacturing Standard (cGMP). Actual cGMP certification is ongoing and there is an inherent risk that this certification will not take place. If cGMP certification is achieved, there are ongoing standards and thresholds that must be adhered to in order to maintain certification. Although MediPharm anticipates receiving cGMP certification, there can be no guarantee that it will be achieved or maintained.

### **Regulatory Risks**

The operations of the Company will be subject to various laws governing the production and distribution of cannabis oil, taxes, labour standards and occupational health, toxic substances, land use, water use, and other matters.

The ACMPR is a new regime and as such, revisions to the regime could be implemented which could have an impact on operations.

Furthermore, although the operations of each of MediPharm are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the ability to produce cannabis oil and related products. Amendments to current laws and regulations governing the distribution, transportation and/or production of cannabis oil or related products, or more stringent implementation thereof could have a substantial adverse impact.

### **Ongoing Need for Financing**

As the Company will have limited revenue, its ability to continue operations will be largely reliant on its continued attractiveness to equity investors. The Company is expected to incur operating losses as it continues to expend funds to develop its business operations. Even if its financial resources are sufficient to fund its current operations, there is no guarantee that the Company will be able to achieve its business objectives. The continued development of MediPharm following will require substantial additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the going out of business. The primary source of funding available to the Company will consist of equity financing. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of

other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards.

## **Competition**

The marijuana production industry is competitive in all of its phases. The Company will face strong competition from other companies in connection with such matters. Many of these companies have greater financial resources, operational experience and technical capabilities than MediPharm. As a result of this competition, the Company may be unable to maintain its operations or develop them as currently proposed, on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Company could be materially adversely affected.

Because of early stage of the industry in which MediPharm operates, the Company may face additional competition from new entrants. If the number of users of marijuana in Canada increases, the demand for products will increase and expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company 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.

## **Supply of Cannabis**

MediPharm does not cultivate cannabis to supply itself with cannabis leaves, flowers and trim to operate its oil extraction business. Currently, MediPharm acquires cannabis from third parties in amounts sufficient to operate its oil extraction business. However, there can be no assurance that there will continue to be a supply of cannabis available for MediPharm to purchase in order to operate its oil extraction business. Additionally, the price of cannabis may rise which would increase MediPharm's cost of goods. If MediPharm were unable to acquire the cannabis required to operate its oil extraction business or if the price of cannabis increases, it could have a material adverse impact on the business of MediPharm, its financial condition and results from operations.

## **Financial risk management**

### **Financial risk**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk, and foreign currency risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

### **Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to its holdings of cash. Cash is held with a major Canadian chartered bank, from which management believes the risk of loss to be minimal.

### **Liquidity risk**

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

### **Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in interest rate. The Company is exposed to interest rate risk on its cash and debt instruments and has determined there is no material exposure related to interest rate risk.

## **FINANCIAL INSTRUMENTS**

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

## **SUBSEQUENT EVENTS**

On July 16, 2018, the Company entered into an agreement with POCML 4 Inc. ("POMCL") with respect to a proposed business combination (the "Transaction"). The Transaction will result in a reverse take-over of

POCML by the shareholders of the Company. For further information regarding the Transaction, please refer to the press releases of the POMCL dated May 15, 2018, May 31, 2018 and June 29, 2018 available on SEDAR at [www.sedar.com](http://www.sedar.com).

On August 14, 2018, MediPharm acquired from the treasury of MediPharm Australia an additional 145 ordinary shares to bring its total share ownership in MediPharm Australia to 195 ordinary shares. As a result, MediPharm's percentage ownership in MediPharm Australia increased from 51% to 80%. In exchange for the additional 145 ordinary shares, MediPharm paid CDN\$500,000 in cash to MediPharm Australia and issued MediPharm Australia a Promissory Note for CDN\$800,000. The Promissory Note is unsecured, bears interest at 1% per annum and matures on September 30, 2018.

#### **APPROVAL**

The directors of MediPharm have approved the disclosures in this MD&A