

*This short form base shelf prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. See "Plan of Distribution".*

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, possessions or the District of Columbia (the "United States") or to a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act) (a "U.S. Person") unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This short form base shelf prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. Person, see "Plan of Distribution".*

*Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Avant Brands Inc. (formerly GTEC Holdings Ltd.) at 1632 Dickson Avenue, Suite 335, Kelowna, British Columbia, V1Y 7T2, telephone 1-800-351-6358, and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## SHORT FORM BASE SHELF PROSPECTUS

New Issue

August 18, 2021



**AVANT BRANDS INC. (FORMERLY GTEC HOLDINGS LTD.)**

**\$50,000,000**  
**Common Shares**  
**Warrants**  
**Units**  
**Debt Securities**  
**Subscription Receipts**

This short form base shelf prospectus (the "**Prospectus**") relates to the offering for sale by Avant Brands Inc. (formerly GTEC Holdings Ltd.) (the "**Company**") during the 25-month period that this Prospectus, including any amendments thereto, remains valid, of up to \$50,000,000 in the aggregate of: (i) common shares ("**Common Shares**") of the Company; (ii) warrants ("**Warrants**") to purchase other Securities (as defined below); (iii) units ("**Units**") comprised of one or more of the other Securities, (iv) senior and subordinated unsecured debt securities (collectively, "**Debt Securities**"), including debt securities convertible or exchangeable into other securities of the Company, and (v) subscription receipts ("**Subscription Receipts**" and together with the Common Shares, Warrants, Units and Debt Securities, collectively referred to herein as the "**Securities**"). The Securities may be offered separately or together, in amounts, at prices and on terms determined based on market conditions at the time of the sale and as set forth in an accompanying prospectus supplement ("**Prospectus Supplement**"). The specific terms of the Securities with respect to a particular offering will be set out in the applicable Prospectus Supplement.

All information permitted, under applicable laws, to be omitted from this Prospectus that has been omitted will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus, except in cases where an exemption from such delivery requirements is available. Each Prospectus Supplement containing the specific terms of any Securities will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains. Prospective investors should read this Prospectus and any applicable Prospectus Supplement carefully before investing in any Securities issued pursuant to the Prospectus. **This Prospectus may not be used to offer or sell securities without the Prospectus Supplement which includes a description of the method and terms of that offering.**

**No underwriter has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.**

The specific terms of any Securities offered will be described in a Prospectus Supplement, including: (i) in the case of Common Shares, the number of Common Shares offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution) and any other specific terms; (ii) in the case of Warrants, the number of Warrants being offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution), the designation, number and terms of the other Securities purchasable upon exercise of the Warrants, and any procedures that will result in the adjustment of those numbers, the exercise price, the dates and periods of exercise and any other specific terms; (iii) in the case of Units, the number of Units offered, the offering price, the designation, number and terms of the other Securities comprising the Units, and any other specific terms; (iv) in the case of the Debt Securities, the specific designation of the Debt Securities, whether such Debt Securities are senior or subordinate, the aggregate principal amount of the Debt Securities being offered, the currency or currency unit in which the Debt Securities may be purchased, authorized denominations, any limit on the aggregate principal amount of the Debt Securities of the series being offered, the issue and delivery date, the maturity date, the offering price (at par, at a discount or at a premium), the interest rate or method of determining the interest rate, the interest payment date(s), any conversion or exchange rights that are attached to the Debt Securities, any redemption provisions, any repayment provisions and any other specific terms; and (v) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution), the terms, conditions and procedures for the conversion of the Subscription Receipts into other Securities, the designation, number and terms of such other Securities, and any other specific terms. A Prospectus Supplement relating to a particular offering of Securities may include terms pertaining to the Securities being offered thereunder that are not within the terms and parameters described in this Prospectus.

The Securities may be sold through underwriters or dealers, directly by us pursuant to applicable statutory exemptions, or through designated agents from time to time. See “*Plan of Distribution*”. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged by the Company in connection with the offering and sale of the Securities, and will set forth the terms of the offering of such Securities, including, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the initial issue price (in the event that the offering is a fixed price distribution), the net proceeds to us and any other material terms of the plan of distribution.

The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at market prices

prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at prices to be negotiated with purchasers including sales in transactions that are deemed to be “at-the-market distributions” as defined in National Instrument 44-102 — *Shelf Distributions* (“NI 44-102”), including sales made directly on the Toronto Stock Exchange (the “TSX”) or other existing trading markets for the Securities, and as set forth in an accompanying Prospectus Supplement, in which case the compensation payable to an underwriter, dealer or agent in connection with any such sale will be decreased by the amount, if any, by which the aggregate price paid for the Securities by the purchasers is less than the gross proceeds paid by the underwriter, dealer or agent to the Company. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution. See “*Plan of Distribution*”.

This Prospectus does not qualify the issuance of Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or bankers' acceptance rate, or to recognized market benchmark interest rates such as LIBOR, EURIBOR or a United States federal funds rate.

No underwriter or dealer involved in an “at-the-market distribution” under this Prospectus, no affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such an underwriter or dealer will over-allot securities in connection with such distribution or effect any other transactions that are intended to stabilize or maintain the market price of the offered Securities.

In connection with any offering of the Securities, subject to applicable laws and other than an “at-the-market distribution”, the underwriters or agents may over-allot or effect transactions that stabilize or maintain the market price of the offered Securities at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. A purchaser who acquires Securities forming part of the underwriters’ or dealers’ over-allocation position acquires those Securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases. See “*Plan of Distribution*”.

The Company’s outstanding Common Shares are traded on the TSX under the symbol “AVNT”, on the OTCQX® Best Markets (the “OTCQX”) under the symbol “AVNTF” and on the Frankfurt Stock Exchange under the symbol “1BUP”. On August 17, 2021, the last trading day before the date of this Prospectus, the closing price of the Common Shares on the TSX was \$0.57, on the OTCQX was US\$0.4488 and on the Frankfurt Stock Exchange was €0.3945.

**Unless specified in the applicable Prospectus Supplement, the Warrants, Units, Debt Securities and Subscription Receipts will not be listed on any securities exchange. Consequently, unless otherwise specified in the applicable Prospectus Supplement, there is no market through which the Warrants, Units, Debt Securities and Subscription Receipts may be sold and purchasers may not be able to resell the Warrants, Units, Debt Securities and Subscription Receipts purchased under this Prospectus and the Prospectus Supplement. This may affect the pricing of the Warrants, Units, Debt Securities and Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, Units, Debt Securities and Subscription Receipts and the extent of issuer regulation. See “*Risk Factors*”.**

**Investing in the Securities involves significant risks. Prospective purchasers of the Securities should carefully consider the risk factors described under the heading “*Risk Factors*” and elsewhere in this Prospectus and in the documents incorporated by reference in this Prospectus.**

**Prospective investors should be aware that the acquisition of the Securities described herein may have tax consequences. Such consequences may not be described fully herein or in any applicable Prospectus Supplement. Prospective investors should read the tax discussion contained in this Prospectus under the heading “Certain Federal Income Tax Considerations” as well as the tax discussion contained in the applicable Prospectus Supplement with respect to a particular offering of Securities.**

The Company will file, with the (final) Prospectus, an undertaking with each of the securities regulatory authorities in each of the provinces and territories of Canada that it will not distribute Securities that, at the time of distribution, are novel specified derivatives or novel asset-backed securities, without first pre-clearing with the applicable securities regulator, the disclosure to be contained in the Prospectus Supplement pertaining to the distribution of such Securities.

Each of Jurgen Schreiber and Ruairi Twomey (Directors) who reside outside of Canada, has appointed Cassels Brock & Blackwell LLP, Suite 2100, 40 King Street West, Toronto, Ontario M5H 3L2, as his agent for service of process in Canada. Prospective purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process, see “*Risk Factors*”.

In this Prospectus, references to the “**Company**”, “**we**”, “**us**” and “**our**” refers to Avant Brands Inc. (formerly GTEC Holdings Ltd.) and/or, as applicable, its subsidiaries. The Company’s head office is located at 1632 Dickson Avenue, Suite 335, Kelowna, British Columbia and its registered office is located at 1800-1631 Dickson Avenue, Kelowna, British Columbia.

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## **GENERAL MATTERS**

Readers should rely only on the information contained or incorporated by reference in this Prospectus and any applicable Prospectus Supplement. The Company has not authorized anyone to provide readers with different information. The Company is not making an offer to sell or seeking an offer to buy the Securities in any jurisdiction where the offer or sale is not permitted. Readers should not assume that the information contained in this Prospectus and any applicable Prospectus Supplement is accurate as of any date other than the date on the front of such documents, regardless of the time of delivery of this Prospectus and any applicable Prospectus Supplement or of any sale of the Securities. Information contained on the Company's website should not be deemed to be a part of this Prospectus or incorporated by reference herein and should not be relied upon by prospective investors for the purpose of determining whether to invest in the Securities.

The distribution or possession of this Prospectus in or from certain jurisdictions may be restricted by law. This Prospectus is not an offer to sell the Securities and is not soliciting an offer to buy the Securities in any jurisdiction where the offer or sale is not permitted or where the person making the offer or sale is not qualified to do so or to any person to whom it is not permitted to make such offer or sale. The Company's business, financial condition, results of operations and prospects may have changed since that date.

Unless otherwise indicated, market data and certain industry data and forecasts included in this Prospectus and the documents incorporated by reference herein concerning the Company's industry and the markets in which the Company operates or seeks to operate were obtained from internal company surveys, market research, publicly available information, reports of governmental agencies and industry publications and surveys. The Company has relied upon industry publications as the Company's primary sources of third-party industry data and forecasts. The Company has not independently verified any of the data from third-party sources, nor has the Company ascertained the underlying assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which the Company believes to be reliable based upon the Company's knowledge of the industry, have not been independently verified, and the Company does not know what assumptions were used in their preparation. By their nature, forecasts are particularly subject to change or inaccuracies, especially over long periods. While the Company is not aware of any misstatements regarding the industry data presented herein or via the documents incorporated herein by reference, estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Cautionary Note Regarding Forward-Looking Information" and "Risk Factors" in this Prospectus and the documents incorporated by reference herein. While the Company believes its internal research is reliable and market definitions are appropriate, neither such research nor definitions have been verified by any independent source.

In this Prospectus, references to "\$" are to Canadian dollars, references to "US\$" are to United States dollars, and references to "€" are to Euros.

## **TRADEMARKS AND TRADE NAMES**

This Prospectus and the documents incorporated by reference herein may include certain trademarks and trade names that are protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, the Company's trademarks and trade names referred to in this Prospectus and the documents incorporated by reference herein may appear without the ® or <sup>TM</sup> symbol, but such references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, its rights to these trademarks and trade names. All other trademarks used in the Prospectus or the documents incorporated by reference herein are the property of their respective owners.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein contain certain “forward-looking information” and “forward-looking statements” (collectively, “**forward-looking statements**”) which are based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as “expect”, “believe”, “likely”, “may”, “would”, “will”, “could”, “should”, “intend”, “anticipate”, “potential”, “proposed”, “estimate”, “project”, “continue”, “plan”, “aim” and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The Company has based these forward-looking statements on current expectations and projections about future events and financial trends that the Company believes may affect its financial condition, results of operations, business strategy and financial needs, as the case may be.

Such forward-looking statements are made as of the date of this Prospectus, or in the case of documents incorporated by reference herein, as of the date of each such document. Forward-looking statements in this Prospectus and the documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the Company’s business objectives and milestones and the anticipated timing of execution;
- the performance of the Company’s business and operations;
- the intention to grow the business, operations and potential activities of the Company;
- the competitive and business strategies of the Company;
- the Company’s anticipated operating cash requirements and future financing needs;
- the anticipated future gross revenues and profit margins of the Company’s operations;
- the Company’s expectations regarding its revenue, expenses and operations;
- the Company’s intention to maximize the utilization of the Company’s existing assets and investments;
- the Company’s intention to build its brands and develop cannabis products;
- the market for the current and proposed product offerings of the Company;
- the expected demand for the Company’s products;
- the Company’s expectations with respect to harvest;
- the ongoing and proposed expansion of the Company’s facilities, services, including expansions to its facilities, and their costs;
- the current political, legal and regulatory landscape surrounding medical and recreational cannabis and expected developments in any jurisdiction in which the Company operates or plans to operate;
- the applicable laws, regulations and any amendments thereof;
- medical benefits, viability, safety, efficacy and dosing of cannabis;
- the Company’s international expansion plans;
- expectations with respect to the advancement and adoption of new product lines and ingredients;
- the acceptance by customers and the marketplace of new products and solutions;
- ability to attract new customers and develop and maintain existing customers;
- ability to identify and maintain suppliers of active cannabis and non-cannabis materials in the jurisdictions in which it operates or plans to operate;
- expectations with respect to future production costs and capacity;
- expectations with respect to the renewal and/or extension of the Company’s permits and licenses;
- the ability to protect, maintain and enforce the Company’s intellectual property rights;

- ability to successfully leverage current and future strategic partnerships and alliances;
- the Company's ability to continue to attract, develop, motivate and retain personnel;
- anticipated labour and material costs;
- the Company's competitive condition and expectations regarding competition, including pricing and demand expectations and the regulatory environment in which the Company operates;
- anticipated trends and challenges in the Company's business and the markets and jurisdictions in which the Company operates;
- the potential impact of infectious diseases, including the COVID-19 pandemic, on the Company and its operations; and
- other events or conditions that may occur in the future.

Forward-looking statements contained in certain documents incorporated by reference in this Prospectus are based on the key assumptions described in such documents, including: (i) management's perceptions of historical trends, current conditions and expected future developments; (ii) the Company's ability to generate cash flow from operations; (iii) general economic, financial market, regulatory and political conditions in which the Company operates; (iv) the production and manufacturing capabilities and output from the Company's facilities and its joint ventures; (v) consumer interest in the Company's products; (vi) competition; (vii) anticipated and unanticipated costs; (viii) government regulation of the Company's activities and products including but not limited to the areas of taxation and environmental protection; (ix) the timely receipt of any required regulatory authorizations, approvals, consents, permits and/or licenses; (x) the Company's ability to obtain qualified staff, equipment and services in a timely and cost-efficient manner; (xi) the Company's ability to conduct operations in a safe, efficient and effective manner; (xii) the Company's ability to realize anticipated benefits, synergies or generate revenue, profits or value from its recent acquisitions into existing operations; (xiii) the Company's ability to continue to operate in light of the COVID-19 pandemic and the impact of the pandemic on demand for, and sales of, the Company's products and its distribution channels; and (xiv) other considerations that management believes to be appropriate in the circumstances. While management considers these assumptions to be reasonable based on information currently available to them, there is no assurance that such expectations will prove to be correct.

Certain of the forward-looking statements contained herein and incorporated by reference concerning the cannabis and cannabis extracts industry, the general expectations of the Company related thereto, and the Company's business and operations are based on estimates prepared by the Company using data from publicly available governmental sources, as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the current medical and recreational cannabis and cannabis extracts industry involve risks and uncertainties and are subject to change based on various factors.

Readers are cautioned that the above list of cautionary statements is not exhaustive. A number of factors could cause actual events, performance or results to differ materially from what is projected in forward-looking statements. Such factors include, without limitation, speculative investments; investments in the cannabis sector; discretion in the use of proceeds; inability to secure additional financing; market for securities; volatility of the Common Share price; trading market; dilution; negative cash flow from operations; infectious diseases, including the COVID-19 pandemic; enforcement of foreign judgements; compliance with laws; changes in laws, regulations and guidelines; challenging global financial conditions; catastrophic events, natural disasters, severe weather and disease; reliance on licenses; failure to obtain the

necessary licenses; reliance on facilities; material contracts and contracts with provincial and territorial governments; limited operating history; risks inherit with strategic alliances and investments; risks associated with divestment and restructuring; competition risks; operational structure risks; dependence on key personnel; conflicts of interest; internal controls; credit and liquidity risk; expansion in foreign jurisdictions; difficulty to forecast; changes in cannabis prices; operating risks; reputational risks; management of growth; anti-money laundering laws and regulations; anti-bribery laws; litigation; cybersecurity and privacy risks; unknown defects and impairments; security over underlying assets; investors and employees of the Company may be subject to entry bans from the United States; hedging risks; dividend policy; increased operational, regulatory and other risks; production forecasts; competitive conditions; customer acquisitions; constraints on marketing products; risks inherit in an agricultural business; product recalls; product liability; environmental and employee health and safety regulations; reliance on key inputs; dependence on suppliers and skilled labour; intellectual property; announcements and risks regarding vaping products; long-term health impacts associated with use of cannabis and cannabis derivative products; limited standardized research on the effects of cannabis; insurance risks; vulnerability to rising energy costs; transportation risks; and the factors discussed under the heading “Risk Factors” in the Annual Information Form.

The purpose of forward-looking statements is to provide the reader with a description of management’s expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Prospectus or in any document incorporated by reference herein. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are expressly qualified in their entirety by this cautionary statement.

**The forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are expressly qualified in their entirety by the foregoing cautionary statement.**

Investors should read this entire Prospectus, including the Annual Information Form (as defined below), and each applicable Prospectus Supplement, and consult their own professional advisers to ascertain and assess the income tax and legal risks and other aspects associated with holding Securities.

## **MARKET AND INDUSTRY DATA**

Market and industry data contained and incorporated by reference in this Prospectus or any applicable Prospectus Supplement concerning economic and industry trends is based upon good faith estimates of our management or derived from information provided by industry sources. The Company believes that such market and industry data is accurate and that the sources from which it has been obtained are reliable. However, we cannot guarantee the accuracy of such information and we have not independently verified the assumptions upon which projections of future trends are based.

## **MARKETING MATERIALS**

Any template version of marketing materials (as such terms are defined in National Instrument 41-101 *General Prospectus Requirements*) that are utilized in connection with the distribution of Securities will be filed under the Company's profile on SEDAR. In the event that such marketing materials are filed after the date of the applicable Prospectus Supplement for the offering and before termination of the distribution of such Securities, such filed versions of the marketing materials will be deemed to be incorporated by

reference into the applicable Prospectus Supplement for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the Company at 1632 Dickson Avenue, Suite 335, Kelowna, British Columbia, V1Y 7T2, telephone 1-800-351-6358, and are also available electronically on under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). The filings of the Company through SEDAR are not incorporated by reference in this Prospectus except as specifically set out herein.

The following documents, each of which has been filed with the securities regulatory authorities in each of the provinces and territories of Canada (the "**Canadian Securities Authorities**"), are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the annual information form of the Company dated March 16, 2021 for the year ended November 30, 2020 (the "**Annual Information Form**");
- (b) the unaudited condensed interim consolidated financial statements of the Company as at and for the three and six months ended May 31, 2021 and related notes thereto (the "**Interim Financial Statements**");
- (c) the management's discussion and analysis of the Company for the three and six months ended May 31, 2021 (the "**Interim MD&A**");
- (d) the audited consolidated financial statements of the Company as at and for the years ended November 30, 2020 and 2019, and related notes thereto, together with the independent auditors' report thereon (the "**Annual Financial Statements**");
- (e) the management's discussion and analysis of the Company for the year ended November 30, 2020;
- (f) the Company's management information circular dated September 30, 2020 in respect of the annual general and special meeting of shareholders of the Company held on November 18, 2020;
- (g) the Company's statement of executive compensation dated May 28, 2021 filed in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*;
- (h) the Company's material change report dated March 10, 2021 in respect of the Private Placement (as defined below); and
- (i) the Company's material change report dated March 12, 2021 in respect of the Company's Bought Deal Offering (as defined below).

Any document of the type referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* ("**NI 44-101**") filed by the Company with the Canadian Securities Authorities and all Prospectus Supplements (only in respect of the offering of Securities to which that

particular Prospectus Supplement relates) disclosing additional or updated information including the documents incorporated by reference herein, filed pursuant to the requirements of the applicable securities legislation in Canada after the date of this Prospectus and prior to the date that is 25 months from the date of the (final) Prospectus shall be deemed to be incorporated by reference into the Prospectus.

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

A Prospectus Supplement containing the specific terms of an offering of Securities will be delivered to purchasers of such Securities together with the Prospectus to the extent required under applicable securities laws and will be deemed to be incorporated by reference into the Prospectus as of the date of such Prospectus Supplement, but only for the purposes of the offering of Securities covered by that Prospectus Supplement.

Upon filing of a new Annual Information Form and related Annual Financial Statements with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous Annual Information Form, including all amendments thereto, the previous Annual Financial Statements and all Interim Financial Statements (including any Interim MD&A's related thereto), material change reports and management information circulars filed prior to the commencement of the fiscal year in which the new Annual Information Form is filed, shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder.

## THE COMPANY

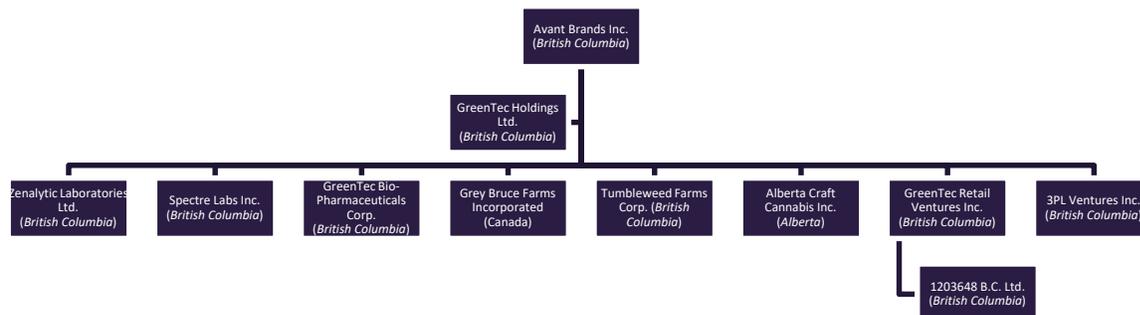
### General

The Company was incorporated as “Black Birch Capital Acquisition III Corp.” on September 24, 2012, under the *Canada Business Corporations Act* and continued under the *Business Corporations Act* (British Columbia) effective on July 28, 2017. Prior to completing its qualifying transaction on June 12, 2018, the Company was a capital pool company under Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual. On June 12, 2018, the Company completed the acquisition of 100% of the issued and outstanding securities of GreenTec PrivateCo in connection with a business combination involving the Company and GreenTec PrivateCo (the “**Qualifying Transaction**”). The Qualifying Transaction was completed by way of a “three-cornered” amalgamation pursuant to which GreenTec PrivateCo and a wholly-owned subsidiary of the Company amalgamated and the resulting entity became a wholly-owned subsidiary of the Company and continued under the name “GreenTec Holdings Ltd.” The effective date of the Qualifying Transaction was June 12, 2018. In connection with the Qualifying Transaction, on June 12, 2018, the Company changed its name from “Black Birch Capital Acquisition III Corp.” to “GTEC Holdings Ltd.” In addition, in connection with the Qualifying Transaction, the Company filed articles of amendment to effect the

consolidation of the Common Shares on a 12:1 basis. On July 9, 2021, the Company changed its name to “Avant Brands Inc.”

### Intercorporate Relationships

The following table sets out the corporate group of the Company as of the date of this Prospectus, including the governing jurisdiction of each entity:



### Summary of the Business

The Company is a Canadian cannabis company which produces and distributes premium cannabis products across Canada. The Company's wholly-owned subsidiaries operate in the provinces of British Columbia, Alberta and Ontario, and are licensed to cultivate, process, test and sell medical and adult-use cannabis and cannabis products in Canada under the provisions of the *Cannabis Act* (Canada) and the *Cannabis Regulations* and *Industrial Hemp Regulations* promulgated thereunder (collectively, the “**Cannabis Act**”).

The Company has four licensed and operational assets and is currently distributing cannabis through medical and recreational sales channels. The Company is also in the process of further investing in and building out its cultivation, processing and distribution capabilities in Canada.

The Company does not engage in any U.S. marijuana-related activities as defined in CSA Staff Notice 51-352 (Revised), dated February 8, 2018.

***For a more detailed description of the business of the Company, prospective investors should refer to the Company's Annual Information Form incorporated by reference into this Prospectus and available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).***

## **Recent Developments**

### ***Sale of Retail Asset***

On February 11, 2021, the Company completed the sale of its last remaining retail asset for total gross proceeds of \$500,000, which was paid in cash. The Company previously had a retail store strategy, whereby the Company would own and operate retail locations across various provinces in Canada. Following a strategic review, management concluded that the Company would not be able to achieve a sustainable competitive advantage in the retail cannabis space, competing against larger competitors with a stronger presence in the sector, who would ultimately be customers of the Company's recreational brands. Accordingly, the Company has divested of all its retail assets.

### ***Invictus Note Repayment***

Throughout January and February 2021, the Company completed a series of payments towards the loan payable to Invictus MD Strategies Corp. pursuant to the unsecured convertible promissory note dated October 17, 2018, as amended on October 30, 2020 (the "**Invictus Note**"). Following a cash repayment of \$125,000 in January 2021, the Company repaid the Invictus Note as follows: (i) on February 12, 2021, \$250,000 of the outstanding principal balance on the Invictus Note was converted into 714,285 Common Shares at a price of \$0.35 per Common Share; (ii) on February 23, 2021, \$250,000 of the outstanding principal balance on the Invictus Note was converted into 454,545 Common Shares at a price of \$0.55 per Common Share; (iii) on February 24, 2021, \$900,000 outstanding principal balance on the Invictus Note was converted into 1,636,362 Common Shares at a price of \$0.55 per Common Share; and (iv) on February 26, 2021, the remaining \$465,000 outstanding principal balance on the Invictus Note was converted into 845,454 Common Shares at a price of \$0.55 per Common Share and the remaining accrued interest payable under the Invictus Note was paid in cash (collectively, the "**Invictus Note Repayment**"). As of February 26, 2021, the Invictus Note had been repaid in full.

### ***Private Placement***

On March 8, 2021, the Company announced the closing of its non-brokered private placement (the "**Private Placement**") of units of the Company (each, a "**Private Placement Unit**"). A total of 13,750,000 Private Placement Units were issued by the Company at a price of \$0.20 per Private Placement Unit for aggregate gross proceeds of \$2,750,000. Each Private Placement Unit consists of one Common Share and one-half of one Common Share purchase warrant of the Company (each, a "**Private Placement Warrant**"). Each Private Placement Warrant entitles the holder thereof to acquire, on payment of \$0.30 to the Company, one Common Share, subject to adjustment in certain circumstances, for a period of 36 months, expiring on March 8, 2024. Norton Singhavon, the Chief Executive Officer and a director of the Company; Kendra Blackford, the Chief Financial Officer of the Company; Michael Blady, the Vice President, Corporate Secretary and a director of the Company; and Derek Sanders, a director of the Company; participated in the Private Placement on the same terms as other investors for aggregate gross proceeds to the Company of \$410,000.

### ***Focus Medical***

On March 8, 2021, the Company entered into an agreement with Focus Medical Herbs Ltd., pursuant to which the Company will supply cannabis to Focus Medical Herbs Ltd., subject to meeting all regulatory requirements in Israel and Canada.

### ***Bought Deal Offering***

On March 30, 2021, the Company closed a bought deal public offering of units (the “**Bought Deal Units**”) of the Company (the “**Bought Deal Offering**”). A total of 28,750,000 Bought Deal Units were issued by the Company at a price of \$0.80 per Bought Deal Unit for aggregate gross proceeds of \$23,000,000. Each Bought Deal Unit consists of one Common Share and one Common Share purchase warrant (each, a “**Bought Deal Warrant**”) of the Company. Each Bought Deal Warrant entitles the holder thereof to acquire, on payment of \$1.04 to the Company, one Common Share, subject to adjustment in certain circumstances, for a period of 36 months, expiring on March 30, 2024, provided that the Company may accelerate the expiry date of the Warrants on not less than 30 days’ notice if the daily volume weighted average trading price of the Common Shares is equal to, or greater than, \$2.00 for any 10 consecutive trading days.

### ***NFS Note Repayment***

On April 12, 2021, the Company repaid the entirety of its loan (the “**NFS Loan**”) payable to NFS Leasing Canada Ltd. (“**NFS**”) in the amount of \$5,948,302 plus accrued interest to the date of payment in the amount of \$378,840 (the “**NFS Note Repayment**”).

### ***Listing on TSX***

On July 12, 2021, listing and trading of the Common Shares on the TSX commenced.

### ***Change of Directors***

On July 13, 2021, Aaron Dow resigned as a director of the Company and each of Ruairi Twomey and Duane Lo were appointed as directors of the Company. In addition, Jurgen Schreiber was appointed as Chairman of the Board of Directors of the Company.

### ***COVID-19 Pandemic***

Management has continued to closely monitor the impact of the COVID-19 global pandemic, with a focus on the health and safety of the Company’s employees, business continuity and supporting its communities. The Company implemented various measures to reduce the spread of the virus. The Company has continued to operate under preventative measures and has experienced minimal disruption to its production and supply chain. The Company’s medical cannabis business, which operates as an e-commerce channel, has continued largely unchanged. In addition, since the Company’s non-production workforce continues to effectively work remotely, it is able to maintain its full operations and internal controls over financial reporting and disclosures.

Given the uncertainties associated with the COVID-19 pandemic, including those related to the use of the Company’s products by consumers, disruptions to the global and local economies due to related stay-at-home orders, quarantine policies and restrictions on travel, trade and business operations and a reduction in discretionary consumer spending, the Company is unable to estimate the impact of the COVID-19 pandemic on its business, financial condition, results of operations, and/or cash flows. The uncertain nature of the impacts of the COVID-19 pandemic may continue to affect the Company’s results of operations for the balance of fiscal 2021. For additional information see also “*Risk Factors – Infectious Diseases, Including COVID-19 Pandemic*”.

## Financial Information

### Summary of Quarterly Results

The following table, which presents the Company's quarterly results of operations, should be read in conjunction with the Interim Financial Statements and related notes thereto. The Company prepares the unaudited information included in the Interim Financial Statement on the same basis as the Company's audited Annual Financial Statements. The Company's operating results for any quarter are not necessarily indicative of results for any future quarters or for a full year.

The following table presents the Company's unaudited quarterly results of operations for the eight consecutive quarters ended May 31, 2021:

	Q2 21	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20	Q4 19	Q3 19	Q2 19
<b>Revenue</b>	\$ 2,904	\$ 2,229	\$ 2,542	\$ 2,400	\$ 1,507	\$ 2,354	\$ 1,149	\$ 1,031	\$ 109
Excise tax	(446)	(259)	(284)	(329)	(261)	(23)	(21)	-	-
<b>Net Revenue</b>	2,458	1,970	2,258	2,071	1,246	2,331	1,128	1,031	109
Cost of sales	1,497	1,159	1,572	627	373	1,366	838	392	34
Gross margin before fair value adjustments	961	811	686	1,444	873	965	290	639	75
Unrealized (loss) gain on changes in fair value of biological assets	368	927	1,915	(264)	654	(122)	(989)	(106)	1,120
<b>Gross margin</b>	1,329	1,738	2,601	1,180	1,527	843	(699)	533	1,195
Operating expenses	1,453	1,370	1,324	1,161	1,724	1,658	1,872	2,100	2,999
<b>Net income (loss) from operations</b>	(124)	368	1,277	19	(197)	(815)	(2,571)	(1,567)	(1,804)
Other income (expense)	(1,420)	(115)	(7,727)	(299)	(581)	(222)	361	(687)	(513)
<b>Net income (loss) before income tax</b>	(1,544)	253	(6,450)	(280)	(778)	(1,037)	(2,210)	(2,254)	(2,317)
Deferred income tax	-	-	(1,199)	-	-	-	74	-	-
<b>Net income (loss) from continuing operations</b>	(1,544)	253	(7,649)	(280)	(778)	(1,037)	(2,136)	(2,254)	(2,317)
<b>Basic and diluted gain (loss) per share</b>	(0.01)	0.01	(0.06)	0.00	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)

The primary factors that impact the quarterly variations in the Company's results of operations include availability of harvested cannabis, constraints on timing of shipments, price adjustments in order to remain competitive within the market and overall market competitiveness, which is becoming increasingly more challenging. The Company attempts to mitigate these factors by continuing to hold strong brand recognition within the market and by launching new products and formats as well as entering new domestic and international markets. In the fourth quarter of 2020, the Company's net loss of \$7,649,000 varied significantly compared to the other quarters due to an impairment charge that was recorded on goodwill and intangible assets in the amount of \$8,384,000.

### *Use of Proceeds Reconciliation*

The table below describes the differences between the Company’s anticipated use of the net proceeds from the Bought Deal Offering as described in the final prospectus dated March 23, 2021 (the “**Final Prospectus**”) and the Company’s actual use of the net proceeds:

	<b>Original Allocation of Use of Proceeds</b>	<b>Approximate Actual Expenditures (to May 31, 2021)</b>	<b>Difference in Amount</b>
<b>Indebtedness</b>	7,500,000	6,333,142	1,166,858
<b>Increased Operational Capacity</b>	1,000,000	Nil	1,000,000
<b>Product Development</b>	2,800,000	150,000	2,650,000
<b>Capital Expenditures</b>	4,000,000	400,000	3,600,000
<b>International Expansion</b>	500,000	Nil	500,000
<b>Working Capital</b>	4,249,454	1,000,000	3,249,454
	<b>20,049,454<sup>(1)</sup></b>	<b>7,883,142</b>	<b>12,166,312</b>

**Notes:**

1. Includes the full \$2,820,000 received by the Company on exercise of the over-allotment option, which was allocated to working capital as described in the Final Prospectus.

The Final Prospectus described the anticipated use of proceeds over a 12-month period following completion of the Bought Deal Offering. The table above discloses the use of proceeds during the first two months following completion of the Bought Deal Offering.

### **Executive Compensation**

The Company’s board of directors (the “**Board**”) is responsible for determining and approving all forms of compensation to be paid to the Company’s Chief Executive Officer (the “**CEO**”) and for reviewing and approving the CEO’s recommendations regarding compensation of the Company’s other named executive officers (the “**NEOs**”).

The key objectives of the Company’s executive compensation program are: (i) recruiting and retaining executives critical to the success of the Company; and (ii) providing fair and competitive compensation. Currently, the compensation paid to NEOs consists solely of base salary, however, the Company engaged The Human Well Inc. during the most recently completed fiscal quarter to provide recommendations to the compensation committee of the Board (the “**Compensation Committee**”) in order to revise the Company’s executive compensation program. The intention of the Compensation Committee is to: (i) align the interests of management with shareholders in order to enhance shareholder value; and (ii) reward performance, both on an individual basis and with respect to operations in general. Accordingly, it is anticipated that the compensation paid to NEOs will be amended to include annual bonuses and/or long-term incentives in the form of stock options or restricted share units, however, a new executive compensation program has not yet been formalized by the Compensation Committee.

In determining base salary amounts for NEOs, the Board considers factors such as experience, individual performance, length of service, contribution towards the achievement of corporate objectives, stock price and compensation compared to other employment opportunities for executive officers. The Board and the Compensation Committee review these salaries annually to ensure that they reflect each respective NEO’s responsibilities, performance and experience in fulfilling his or her role. In determining and approving the base salary for each NEO, the Board and the Compensation Committee take into consideration available

market data. A specific benchmark is not targeted and a formal peer group has not been established by the Compensation Committee.

### **Cannabis Regulatory Framework in Canada**

Medical cannabis access has been legal in Canada since 2001 under various regulatory regimes. On October 17, 2018, the Cannabis Act came into force. The Cannabis Act governs both the medical and the regulated adult-use markets in Canada.

The distribution and sale of cannabis for adult-use purposes is regulated under the individual authority of each provincial and territorial government, and as such, regulatory regimes vary from jurisdiction to jurisdiction. In each of the provinces and territories, except for Saskatchewan and Nunavut, a provincial or territorial distributor is exclusively responsible for purchasing cannabis from producers and selling products to its regulated retail distribution channels. In addition, in each province and territory, other than Saskatchewan, Manitoba and Nunavut, the provincial distributor is solely responsible for online sales.

With respect to retail sales of cannabis (other than online sales), certain provinces and territories allow only for government-run cannabis stores, whereas others, such as Ontario, leave the retail sale of cannabis to the private sector. In addition, other provinces and territories, such as British Columbia, allow for a hybrid model in which both public and private stores can operate. As a result of the COVID-19 pandemic (discussed herein), many retail cannabis stores across Canada were temporarily closed (either voluntarily or by government order), and are now re-opening slowly subject to social distancing and other applicable measures, including curbside pickup and delivery-only models.

Under the Cannabis Act, Health Canada has been granted the authority to issue a wide range of licenses, including licenses for standard cultivation, micro-cultivation, industrial hemp cultivation, and nursery cultivation, licenses for standard processing and micro-processing, medical sales licenses, and licenses for analytical testing, research and cannabis drugs. In addition, the Cannabis Act includes various labeling and branding requirements, as well as restrictions on promotion, among other requirements.

In the initial stage of the regulated adult-use cannabis market, products available for sale included, among other things, dried flower, oils and soft-gels, and pre-rolled cannabis products. On October 17, 2019, the federal government legalized additional classes of products; specifically, edible cannabis, cannabis extracts, and cannabis topical products pursuant to certain amendments to the regulations under the Cannabis Act. Edible cannabis, cannabis extracts, and cannabis topical products are subject to, among other things, additional regulatory requirements that include supplemental marketing and advertising rules, further restrictions on labelling and packaging, rules relating to ingredients of edible cannabis and cannabis extracts, limits on tetrahydrocannabinol content, and added facility requirements.

### **CONSOLIDATED CAPITALIZATION**

The applicable Prospectus Supplement will describe any material change, and the effect of such material change, on the Company's share and loan capitalization that will result from the issuance of Securities pursuant to such Prospectus Supplement.

Other than the exercise of 75,000 stock options and the exercise of 102,500 common share purchase warrants, there have been no material changes to the Company's share and loan capitalization on a consolidated basis since May 31, 2021, the date of the Company's Interim Financial Statements. See "*Description of the Business – Recent Developments – NFS Note Repayment*" and "*Description of the Business – Recent Developments – Private Placement*".

## USE OF PROCEEDS

The net proceeds to the Company from any offering of Securities, the proposed use of those proceeds and the specific business objectives that the Company expects to accomplish with such proceeds will be set forth in the applicable Prospectus Supplement relating to that offering of Securities.

There may be circumstances where, on the basis of results obtained or for other sound business reasons, a re-allocation of funds may be necessary or prudent. Accordingly, management will have broad discretion in the application of the proceeds of an offering of Securities. The actual amount that the Company spends in connection with each intended use of proceeds may vary significantly from the amounts specified in the applicable Prospectus Supplement and will depend on a number of factors, including those referred to under “*Risk Factors*” and any other factors set forth in the applicable Prospectus Supplement. The Company may invest funds which it does not immediately use. Such investments may include short-term marketable investment grade securities. The Company may, from time to time, issue securities other than pursuant to this Prospectus. See “*Risk Factors*”.

The Company has not, to date, generated positive cash flow from operating activities. The Company had negative operating cash flow for the year ended November 30, 2020 and the three and six-month period ended May 31, 2021. Although the Company anticipates it will have positive cash flow from operating activities in future periods, the Company cannot guarantee it will generate positive cash flow from operating activities in future periods. To the extent that the Company has negative cash flow in any future period, the Company may need to deploy a portion of its existing working capital to fund such negative cash flows. The Company expects that the current working capital will be sufficient to fund current operations and capital requirements for the next 12 months. The Company’s expectations regarding sufficient financial resources to fund the Company’s planned operations and cash requirements for at least 12 months following the date of this Prospectus is based on expectations and assumptions that reflect management’s intended courses of action for the Company and current expectations for the period covered, given management’s judgment as to the most probable set of conditions. These expectations and assumptions, although considered reasonable by management at the date of this Prospectus, may prove to be incorrect and may not materialize as expected. Subsequent to the date of this Prospectus, events and circumstances may occur that were unanticipated or that otherwise impact actual results. Accordingly, there is a significant risk that actual results achieved for this 12-month period will vary from the expected results and that such variations may be material. There is no representation that actual results achieved during this period will be the same in whole or in part as those that are currently expected. Important factors that could cause actual results to vary materially from the anticipated results include those disclosed under “*Risk Factors*”. See “*Risk Factors – Risks Related to an Offering of Securities – Discretion in the Use of Proceeds*”, “*Risk Factors – Risks Related to an Offering of Securities – Going-Concern Risk*”.

Certain COVID-19 related risks could result in delays or additional costs for the Company to achieve its business objectives. The extent to which COVID-19 may impact the Company’s business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. While it is difficult to predict the impact of the COVID-19 outbreak on the Company’s business, measures taken by the Canadian and British Columbian governments, and voluntary measures undertaken by the Company with a view to the safety of the Company’s employees, may adversely impact the Company’s business, for instance by impeding the labour required to produce, market and distribute the Company’s products and disrupting the Company’s critical supply chains. See “*Risk Factors – Risks Related to the Business – Infectious Diseases, Including COVID-19 Pandemic*”.

## PLAN OF DISTRIBUTION

### General

The Company may from time to time during the 25-month period that this Prospectus, including any amendments and supplements hereto, remains valid, offer for sale and sell up to an aggregate of \$50,000,000 in Securities hereunder.

The Securities may be sold by us (i) directly pursuant to applicable statutory exemptions, (ii) to or through underwriters or dealers, or (iii) through designated agents. The Prospectus Supplement relating to a particular offering of Securities will identify any underwriter, dealer or agent engaged in connection with the offering and sale of such Securities, and will set forth the terms of the offering of such Securities, including, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the purchase price of the Securities (or the manner of determination thereof if offered on a non-fixed price basis), the net proceeds to us and any other material terms of the plan of distribution (including sales in transactions that are deemed to be “at-the-market distributions” as defined in NI 44-102). Any initial offering price and discounts, concessions or commissions allowed or re-allowed or paid to underwriters, dealers or agents may be changed from time to time. Only underwriters named in the Prospectus Supplement are deemed to be underwriters in connection with our Securities offered by that Prospectus Supplement.

The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at prices to be negotiated with purchasers including sales in transactions that are deemed to be “at-the-market” distributions, including sales made directly on the TSX or other existing trading markets for the Securities, in which case the compensation payable to an underwriter, dealer or agent in connection with any such sale will be decreased by the amount, if any, by which the aggregate price paid for the Securities by the purchasers is less than the gross proceeds paid by the underwriter, dealer or agent to the Company. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution.

Sales of Securities under an “at-the-market distribution”, if any, will be made pursuant to an accompanying Prospectus Supplement. Sales of Securities under any “at-the-market” program will be made in transactions that are “at-the-market distributions” as defined in NI 44-102. The volume and timing of any “at-the-market distributions” will be determined at the Company's sole discretion.

No underwriter or dealer involved in an “at-the-market distribution” under this Prospectus, no affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such an underwriter or dealer will over-allot securities in connection with such distribution or effect any other transactions that are intended to stabilize or maintain the market price of the offered Securities.

In connection with the sale of the Securities, underwriters, dealers or agents may receive compensation from the Company including in the form of underwriters', dealers' or agents' fees, commissions or concessions. Underwriters, dealers and agents that participate in the distribution of the Securities may be deemed to be underwriters for the purposes of applicable Canadian securities legislation and any such compensation that they receive from the Company and any profit that they make on the resale of the Securities, may be deemed to be underwriting commissions.

Underwriters, dealers or agents who participate in the distribution of the Securities may be entitled, under agreements to be entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under Canadian securities legislation, or to contribution with respect to payments, which such underwriters, dealers or agents may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

In connection with any offering of Securities, subject to applicable laws and other than an “at-the-market distribution”, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the offered Securities at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time.

Unless specified in the applicable Prospectus Supplement, there is no market through which the Warrants, Units, Debt Securities and Subscription Receipts may be sold and purchasers may not be able to resell the Warrants, Units, Debt Securities and Subscription Receipts purchased under this Prospectus and the Prospectus Supplement. This may affect the pricing of the Warrants, Units, Debt Securities and Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, Units, Debt Securities and Subscription Receipts and the extent of issuer regulation. See “*Risk Factors*”.

### **Offerings in the United States**

The Securities have not been, and will not be, registered under the U.S. Securities Act or any state securities laws and, subject to certain exceptions, may not be offered or sold or otherwise transferred or disposed of in the United States absent registration or pursuant to an applicable exemption from registration under the U.S. Securities Act and applicable state securities laws. In addition, until 40 days after the commencement of an offering of Securities under any applicable Prospectus Supplement, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering of Securities) may violate the registration requirements of the U.S. Securities Act if such offer is made otherwise than in reliance on an exemption from the registration requirements of the U.S. Securities Act.

## **DESCRIPTION OF SECURITIES BEING DISTRIBUTED**

### **Common Shares**

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preference shares, issuable in series (the “**Preference Shares**”). As of the date of this Prospectus, there are an aggregate of 199,591,886 Common Shares and nil Preference Shares issued and outstanding.

Holders of Common Shares are entitled to receive notice of and attend all meetings of the shareholders of the Company and to one vote per Common Share on all matters upon which holders of Common Shares are entitled to vote at such meetings of shareholders. Holders of Common Shares are also entitled to receive dividends as and when declared by the board of directors of the Company, from funds legally available for the payment of dividends, subject to the rights of the holders of any other class of shares of the Company entitled to receive dividends in priority to or rateably with the holders of the Common Shares. In addition, in the event of a liquidation, dissolution or winding-up or other distribution of assets among shareholders for the purpose of winding-up its affairs, the holders of Common Shares will be entitled to share *pro rata* in the distribution of the balance, subject to the rights of the holders of any class of shares of the Company

entitled to receive the assets of the Company upon such a distribution in priority to or rateably with the holders of the Common Shares, be entitled to participate rateably in the distribution of the assets of the Company.

Common Shares may be sold separately or together with certain other Securities under this Prospectus. Common Shares may also be issuable on conversion, exchange, exercise or maturity of certain other Securities qualified for issuance under this Prospectus.

## **Warrants**

The following description sets forth certain general terms and provisions of Warrants for the purchase of Common Shares, Units or Debt Securities that may be issued hereunder and is not intended to be complete. The Warrants may be offered separately or together with other Securities, as the case may be. Warrants may be issued at various times under one or more warrant indenture to be entered into by the Company and one or more banks or trust companies acting as warrant agent.

The statements made in this Prospectus relating to any warrant indenture and Warrants to be issued under this Prospectus are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions of the applicable warrant indenture. You should refer to the warrant indenture relating to the specific Warrants being offered for the complete terms of the Warrants. A copy of any warrant indenture relating to an offering of Warrants will be filed by the Company with the securities regulatory authorities in applicable Canadian offering jurisdictions after the Company has entered into it.

The particular terms of each issue of Warrants will be described in the related Prospectus Supplement. This description may include, but may not be limited to, any of the following, if applicable:

- the designation and aggregate number of Warrants;
- the price at which the Warrants will be offered;
- the designation, number and terms of the Common Shares, Units or Debt Securities, as applicable, purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers;
- the date on which the right to exercise the Warrants will commence and the date on which such right will expire;
- the exercise price of the Warrants;
- if the Warrants are issued as a Unit with another Security, the date, if any, on and after which the Warrants and the other Security will be separately transferable;
- any minimum or maximum amount of Warrants that may be exercised at any one time;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- whether the Warrants will be subject to redemption or call and, if so, the terms of such redemption or call provisions;

- provisions as to modification, amendment or variation of the warrant indenture or any rights or terms of such Warrants, including upon any subdivision, consolidation, reclassification or other material change of the Common Shares, Units, Debt Securities or other securities, any other reorganization, amalgamation, merger or sale of all or substantially all of the Company's assets or any distribution of property or rights to all or substantially all of the holders of Common Shares;
- the material Canadian federal income tax consequences of owning the Warrants; and
- any other material terms or conditions of the Warrants.

Warrant certificates will be exchangeable for new Warrant certificates of different denominations at the office indicated in the Prospectus Supplement. Prior to the exercise of their Warrants, holders of Warrants will not have any of the rights of holders of the Securities subject to the Warrants. The Company may amend the warrant indenture(s) and the Warrants, without the consent of the holders of the Warrants, to cure any ambiguity, to cure, correct or supplement any defective or inconsistent provision or in any other manner that will not prejudice the rights of the holders of outstanding Warrants, as a group.

## **Units**

The following description sets forth certain general terms and provisions of the Units that may be issued hereunder and is not intended to be complete. Units may be issued at various times comprising any combination of the other Securities described in this Prospectus. Each Unit will be issued so that the holder of such Unit is also the holder of each Security comprising such Unit. Therefore, the holder of a Unit will have the rights and obligations of a holder of each included Security (except in some cases where the right to transfer an included Security of a Unit may not occur without the transfer of the other included Security comprising part of such Unit). The Units may be offered separately or together with other Securities, as the case may be.

The particular terms of each issue of Units will be described in the related Prospectus Supplement. This description may include, but may not be limited to, any of the following, if applicable:

- the designation and aggregate number of Units;
- the price at which the Units will be offered;
- the designation and terms of the Units and the Common Shares, Warrants and/or Debt Securities comprising the Units, including whether and under what circumstances those Securities may be held or transferred separately;
- any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of the Securities comprising the Units;
- whether the Company will apply to list the Units on any exchange;
- the material Canadian federal income tax consequences of owning the Units, including how the purchase price paid will be allocated among the Securities comprising the Units; and
- whether the Units will be issued in fully registered or global form.

## Debt Securities

The Debt Securities will be senior or subordinated unsecured indebtedness of the Company as described in the relevant Prospectus Supplement. If the Debt Securities are senior indebtedness, they will rank equally and rateably with all other unsecured indebtedness of the Company, from time to time issued and outstanding, which is not subordinated.

If the Debt Securities are subordinated indebtedness, they will rank equally and rateably with all other subordinated Debt Securities from time to time issued and outstanding. In the event of the insolvency or winding-up of the Company, the subordinated Debt Securities will be subordinated and postponed in right of payment to the prior payment in full of all other liabilities and indebtedness of the Company, other than indebtedness that, by its terms, ranks equally with, or subordinate to, such subordinated Debt Securities.

Any convertible or exchangeable Debt Securities will be convertible or exchangeable only for other securities of the Company.

In conformity with applicable laws of Canada, for all bonds and notes of companies that are publicly offered, the Debt Securities will be governed by a document called an “indenture”. There will be a separate indenture for the senior Debt Securities and the subordinated Debt Securities. An indenture is a contract between a financial institution, acting on a holders behalf as trustee of the Debt Securities offered, and the Company. The trustee has two main roles. First, subject to certain limitations on the extent to which the trustee can act, the trustee can enforce rights against the Company if it defaults on its obligations under the indenture. Second, the trustee performs certain administrative duties for the Company. The aggregate principal amount of Debt Securities that may be issued under each indenture is unlimited. A copy of the form of each indenture to be entered into in connection with offerings of Debt Securities will be filed with the applicable securities regulatory authorities in Canada when it is entered into. A copy of any indenture or supplement thereto entered into by the Company will be filed with securities regulatory authorities and will be available on the Company’s profile on SEDAR.

This Prospectus does not qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or bankers' acceptance rate, or to recognized market benchmark interest rates commonly known as “LIBOR”, “EURIBOR” or a United States federal funds rate.

Selected provisions of the Debt Securities and the indenture(s) under which such Debt Securities will be issued are summarized below. This summary is not complete. The statements made in this Prospectus relating to any indenture and Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable indenture. The indentures will not limit the amount of Debt Securities that the Company may issue thereunder. The Company may issue Debt Securities from time to time under an indenture in one or more series by entering into supplemental indentures or by the Company’s board of directors or a duly authorized committee authorizing the issuance. The Debt Securities of a series need not be issued at the same time, bear interest at the same rate or mature on the same date.

The Prospectus Supplement for a particular series of Debt Securities will disclose the specific terms of such Debt Securities, including the price or prices at which the Debt Securities to be offered will be issued. The terms and provisions of any Debt Securities offered under a Prospectus Supplement may differ from the terms described below, and may not be subject to or contain any or all of such terms. Those terms may include some or all of the following:

- the designation, aggregate principal amount and authorized denominations of such Debt Securities;
- the indenture under which such Debt Securities will be issued and the trustee(s) thereunder;
- the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- whether such Debt Securities are senior or subordinated and, if subordinated, the applicable subordination provisions;
- the percentage of the principal amount at which such Debt Securities will be issued;
- the date or dates on which such Debt Securities will mature;
- the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any);
- the dates on which any such interest will be payable and the record dates for such payments;
- any redemption term or terms under which such Debt Securities may be defeased;
- whether such Debt Securities are to be issued in registered form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- the place or places where principal, premium and interest will be payable;
- the designation and terms of any other Securities with which the Debt Securities will be offered, if any, and the principal amount of Debt Securities that will be offered with each Security;
- the securities exchange(s) on which such series of Debt Securities will be listed, if any;
- any terms relating to the modification, amendment or waiver of any terms of such Debt Securities or the applicable indenture;
- any change in the right of the trustee or the holders to declare the principal, premium and interest with respect to such series of debt securities to be due and payable;
- governing law;
- any limit upon the aggregate principal amount of the Debt Securities of such series that may be authenticated and delivered under the indenture;

- if other than the Company or the trustee, the identity of each registrar and/or paying agent;
- if the Debt Securities are issued as a Unit with another Security, the date on and after which the Debt Securities and other Security will be separately transferable;
- if the Debt Securities are to be issued upon the exercise of Warrants, the time, manner and place for such Securities to be authenticated and delivered;
- if the Debt Securities are to be convertible or exchangeable into other securities of the Company, the terms and procedures for the conversion or exchange of the Debt Securities into other securities; and
- any other specific terms of the Debt Securities of such series, including any events of default or covenants.

### **Subscription Receipts**

The following description sets forth certain general terms and provisions of Subscription Receipts that may be issued hereunder and is not intended to be complete. Subscription Receipts may be issued at various times which will entitle holders thereof to receive, upon satisfaction of certain release conditions and for no additional consideration, Common Shares, Warrants, Units, Debt Securities or any combination thereof. The Subscription Receipts may be offered separately or together with other Securities, as the case may be. Subscription Receipts will be issued pursuant to one or more subscription receipt agreements (each, a “**Subscription Receipt Agreement**”), each to be entered into between the Company and an escrow agent (the “**Escrow Agent**”) that will be named in the relevant Prospectus Supplement. Each Escrow Agent will be a financial institution organized under the laws of Canada or a province thereof and authorized to carry on business as a trustee. If underwriters or agents are used in the sale of any Subscription Receipts, one or more of such underwriters or agents may also be a party to the Subscription Receipt Agreement governing the Subscription Receipts sold to or through such underwriter or agent.

The statements made in this Prospectus relating to any Subscription Receipt Agreement and Subscription Receipts to be issued under this Prospectus are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions of the applicable Subscription Receipt Agreement. You should refer to the Subscription Receipt Agreement relating to the specific Subscription Receipts being offered for the complete terms of the Subscription Receipts. A copy of any Subscription Receipt Agreement relating to an offering or Subscription Receipts will be filed by the Company with the securities regulatory authorities in applicable Canadian offering jurisdictions after the Company has entered into it.

The particular terms of each issue of Subscription Receipts will be described in the related Prospectus Supplement. This description may include, but may not be limited to, any of the following, if applicable:

- the designation and aggregate number of such Subscription Receipts being offered;
- the price at which such Subscription Receipts will be offered;
- the designation, number and terms of the Common Shares, Warrants, Units, Debt Securities or any combination thereof to be received by the holders of such Subscription Receipts upon satisfaction of the release conditions, and any procedures that will result in the adjustment of those numbers;

- the conditions (the “**Release Conditions**”) that must be met in order for holders of such Subscription Receipts to receive, for no additional consideration, Common Shares, Warrants, Units, Debt Securities or any combination thereof;
- the procedures for the issuance and delivery of the Common Shares, Warrants, Units, Debt Securities or any combination thereof to holders of such Subscription Receipts upon satisfaction of the Release Conditions;
- whether any payments will be made to holders of such Subscription Receipts upon delivery of the Common Shares, Warrants, Units, Debt Securities or any combination thereof upon satisfaction of the Release Conditions;
- the identity of the Escrow Agent;
- the terms and conditions under which the Escrow Agent will hold all or a portion of the gross proceeds from the sale of such Subscription Receipts, together with interest and income earned thereon (collectively, the “**Escrowed Funds**”), pending satisfaction of the Release Conditions;
- the terms and conditions under which the Escrow Agent will release all or a portion of the Escrowed Funds to the Company upon satisfaction of the Release Conditions and if the Subscription Receipts are sold to or through underwriters or agents, the terms and conditions under which the Escrow Agent will release a portion of the Escrowed Funds to such underwriters or agents in payment of all or a portion of their fees or commissions in connection with the sale of the Subscription Receipts;
- procedures for the refund by the Escrow Agent to holders of such Subscription Receipts of all or a portion of the subscription price of their Subscription Receipts, plus any pro rata entitlement to interest earned or income generated on such amount, if the Release Conditions are not satisfied;
- any contractual right of rescission to be granted to initial purchasers of such Subscription Receipts in the event that this Prospectus, the Prospectus Supplement under which Subscription Receipts are issued or any amendment hereto or thereto contains a misrepresentation;
- any entitlement of the Company to purchase such Subscription Receipts in the open market by private agreement or otherwise;
- if the Subscription Receipts are issued as a Unit with another Security, the date, if any, on and after which the Subscription Receipts and the other Security will be separately transferable;
- whether the Company will issue such Subscription Receipts as global securities and, if so, the identity of the depository for the global securities;
- whether the Company will issue such Subscription Receipts as bearer securities, as registered securities or both;
- provisions as to modification, amendment or variation of the Subscription Receipt Agreement or any rights or terms of such Subscription Receipts, including upon any subdivision, consolidation, reclassification or other material change of the Common Shares, Warrants, Units, Debt Securities or other securities, any other reorganization, amalgamation, merger or sale of all or substantially

all of the Company's assets or any distribution of property or rights to all or substantially all of the holders of Common Shares;

- whether the Company will apply to list such Subscription Receipts on any exchange;
- the material Canadian federal income tax consequences of owning the Subscription Receipts; and
- any other material terms or conditions of such Subscription Receipts.

#### *Rights of Holders of Subscription Receipts Prior to Satisfaction of Release Conditions*

The holders of Subscription Receipts will not be, and will not have the rights of, shareholders of the Company. Holders of Subscription Receipts are entitled only to receive Common Shares, Warrants, Units, Debt Securities or a combination thereof on exchange or conversion of their Subscription Receipts, plus any cash payments, all as provided for under the Subscription Receipt Agreement and only once the Release Conditions have been satisfied.

#### *Escrow*

The Subscription Receipt Agreement will provide that the Escrowed Funds will be held in escrow by the Escrow Agent, and such Escrowed Funds will be released to the Company (and, if the Subscription Receipts are sold to or through underwriters or agents, a portion of the Escrowed Funds may be released to such underwriters or agents in payment of all or a portion of their fees in connection with the sale of the Subscription Receipts) at the time and under the terms specified by the Subscription Receipt Agreement. If the Release Conditions are not satisfied, holders of Subscription Receipts will receive a refund of all or a portion of the subscription price for their Subscription Receipts, plus their pro rata entitlement to interest earned or income generated on such amount, if provided for in the Subscription Receipt Agreement, in accordance with the terms of the Subscription Receipt Agreement.

#### *Modifications*

The Subscription Receipt Agreement will specify the terms upon which modifications and alterations to the Subscription Receipts issued thereunder may be made by way of a resolution of holders of Subscription Receipts at a meeting of such holders or consent in writing from such holders. The number of holders of Subscription Receipts required to pass such a resolution or execute such a written consent will be specified in the Subscription Receipt Agreement.

The Subscription Receipt Agreement will also specify that the Company may amend the Subscription Receipt Agreement and the Subscription Receipts, without the consent of the holders of the Subscription Receipts, to cure any ambiguity, to cure, correct or supplement any defective or inconsistent provision, or in any other manner that will not materially and adversely affect the interests of the holder of outstanding Subscription Receipts or as otherwise specified in the Subscription Receipt Agreement.

### **PRIOR SALES**

Information in respect of the Common Shares that were issued within the previous 12 month period, including issuances of all securities convertible or exchangeable into Common Shares, will be provided as

required in a Prospectus Supplement with respect to the issuance of Securities pursuant to such Prospectus Supplement.

## MARKET FOR SECURITIES

The outstanding Common Shares are currently traded on the TSX under the trading symbol “AVNT”, on the OTCQX under the trading symbol “AVNTF” and on the Frankfurt Stock Exchange under the trading symbol “1BUP”. Trading price and volume of the Common Shares will be provided as required in each Prospectus Supplement to the Prospectus.

## CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain Canadian federal income tax consequences to an investor who is a non-resident of Canada or to an investor who is a resident of Canada of acquiring, owning and disposing of any of the Securities offered thereunder. Investors should read the tax discussion in any Prospectus Supplement with respect to a particular offering and consult their own tax advisors with respect to their own particular circumstances.

## RISK FACTORS

**An investment in the Securities involves a high degree of risk and must be considered speculative due to the nature of the Company's business and present stage of development. Before making an investment decision, prospective purchasers of Securities should carefully consider the information described in this Prospectus and the documents incorporated by reference herein, including the applicable Prospectus Supplement. There are certain risks inherent in an investment in the Securities, including the factors described below and under the heading “Risk Factors” in the Annual Information Form and any other risk factors described herein or in a document incorporated by reference herein, which investors should carefully consider before investing.** Additional risk factors relating to a specific offering of Securities will be described in the applicable Prospectus Supplement. Some of the factors described herein, in the documents incorporated by reference herein, and/or the applicable Prospectus Supplement are interrelated and, consequently, investors should treat such risk factors as a whole. If any of the risk factors described herein, in the Annual Information Form, in another document incorporated by reference herein or in the applicable Prospectus Supplement occur, it could have a material adverse effect on the business, financial condition and results of operations of the Company. Additional risks and uncertainties of which the Company currently is unaware or that are unknown or that it currently deems to be immaterial could have a material adverse effect on the Company's business, financial condition and results of operation. The Company cannot assure purchasers that it will successfully address any or all of these risks. There is no assurance that any risk management steps taken will avoid future loss due to the occurrence of the risks described herein, in the Annual Information Form, in the other documents incorporated by reference herein or in the applicable Prospectus Supplement or other unforeseen risks.

### **Risks Related to an Offering of Securities**

#### *An Investment in the Securities is Speculative*

An investment in the Securities and the Company's prospects generally, are speculative due to the risky nature of its business and the present state of its development. Investors may lose their entire investment

and should carefully consider the risk factors described below and under the heading “*Risk Factors*” in the Annual Information Form.

#### *Investment in the Cannabis Sector*

Cannabis-related financial transactions are subject to a variety of laws that vary by jurisdiction, many of which are unsettled and still developing. While the interpretation of these laws is unclear, in some jurisdictions, financial benefit directly or indirectly arising from conduct that would be considered unlawful in such jurisdiction may be viewed to be within the purview of these laws and regulations, and persons receiving any such benefit, including investors in an applicable jurisdiction, may be subject to liability. Each prospective investor should contact his, her or its own legal advisor.

#### *Discretion in the Use of Proceeds*

While detailed information regarding the use of proceeds from the sale of the Securities will be described in the applicable Prospectus Supplement, the Company will have broad discretion over the use of net proceeds from an offering by the Company of the Securities. There may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary. In such circumstances the net proceeds will be reallocated at the Company’s sole discretion.

Management will have discretion concerning the use of proceeds described in the applicable Prospectus Supplement as well as the timing of their expenditures. As a result, an investor will be relying on the judgment of management for the application of the proceeds. Management may use the net proceeds described in a Prospectus Supplement in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company’s results of operations may suffer.

#### *Additional Financing*

The continued development of the Company may require additional financing. There is no guarantee that the Company will be able to achieve its business objectives. The Company intends to fund its business objectives by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. In addition, any debt financings may increase the Company’s debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions or the disposition of assets. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Company will require additional financing to fund its operations until positive cash flow is achieved, see “*Risk Factors – Risks Related to an Offering of Securities – Negative Cash Flow from Operations*” and “*Risk Factors – Risks Related to an Offering of Securities – Risks Related to Dilution*”.

### *Market for Securities*

There is currently no market through which the Securities, other than the Common Shares, may be sold and, unless otherwise specified in the applicable Prospectus Supplement, such unlisted Securities may not be listed on any securities or stock exchange or any automated dealer quotation system. As a consequence, purchasers may not be able to resell such unlisted Securities purchased under this Prospectus. This may affect the pricing of our Securities, other than our Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these Securities and the extent of issuer regulation. There can be no assurance that an active trading market for our Securities, other than the Common Shares, will develop or, if developed, that any such market, including for the Common Shares, will be sustained.

### *Volatile Market Price of the Common Shares*

The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period; downward revision in securities analysts' estimates; adverse changes in general market conditions or economic trends; changes in the economic performance or market valuations of companies in the industry in which the Company operates; addition or departure of the Company's executive officers, directors and other key personnel and consultants; release or expiration of transfer restrictions on outstanding Common Shares; sales or perceived sales of additional shares; regulatory changes affecting the Company's industry generally and its business both domestically and abroad; announcements of developments and other material events by the Company or its competitors, fluctuations in the cost of vital production materials and services; changes in global financial markets, global economies, general market conditions, interest rates and volatility in the price of the Company's products which may be impacted by a variety of factors, including but not limited to the COVID-19 pandemic; fluctuations in the price of Common Shares that cause short sellers to enter the market; the sentiment of retail investors (including as may be expressed on financial trading and other social media sites); significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; operating and share price performance of other companies that purchasers deem comparable to the Company or from a lack of market comparable companies; or news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets; along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies (such as the COVID-19 pandemic). Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

### *Active Liquid Market for Common Shares*

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

### *Risks Related to Dilution*

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options issued under the Company's stock option plan, the vesting of restricted share units issued under the Company's restricted share unit plan and upon the exercise of other outstanding convertible securities and obligations. Furthermore, the Company may complete additional corporate and property acquisitions pursuant to which it may issue Common Shares or other equity as partial or full consideration for such acquisitions.

### *Negative Cash Flow from Operations*

The Company had negative operating cash flow for the year ended November 30, 2020 and three and six-month period ended May 31, 2021. Although the Company anticipates it will have positive cash flow from operating activities in future periods, the Company cannot guarantee it will have a cash flow positive status in the future. To the extent that the Company has negative cash flow in any future period, certain of the proceeds from the sale of Securities by the Company may be used to fund such negative cash flow from operating activities, see "Use of Proceeds".

## **Risks Related to the Business**

### *Infectious Diseases, Including COVID-19 Pandemic*

A significant outbreak or the threat of outbreaks of viruses or other infectious diseases or similar health threats, including COVID-19, which has been declared a pandemic by the World Health Organization and continues to spread in Canada and globally, causing companies and various international jurisdictions to impose restrictions such as quarantines, business closures, limitations on travel and social distancing measures. Related government and private sector responsive actions may have a material negative impact on the Company's financial condition, operating results and cash flows. The situation is changing quickly and it is impossible to predict the effect and ultimate impact of the COVID-19 pandemic on the Company due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, containment and treatment of COVID-19, and the length of the travel restrictions and business closures that have been or may be imposed by government authorities.

The impact of the COVID-19 pandemic will likely continue to adversely affect global economies and financial markets, resulting in an economic downturn that could result in a material adverse effect on supply chain prices, demand for products and services and general financial market liquidity, all of which could have a material adverse effect on the Company. As a result, there can be no certainty that the COVID-19 outbreak will not result in a loss of sales, operational and supply chain delays and disruptions (including as a result of government regulation and prevention measures), labour shortages and shutdowns, social unrest,

declines in the price of goods, government or regulatory actions or inactions, capital markets volatility, or other unknown but potentially significant impacts.

In various provinces in Canada, cannabis retailers have been restricted to conducting sales online or over the phone and are limited to curbside pickup and delivery options or are reducing opening hours, staff onsite and reducing the number of customers allowed in-store for cannabis retailers that continue to be open in order to comply with applicable emergency orders or other directives issued by the Provincial governments to combat the spread of COVID-19. The COVID-19 pandemic and the related laws may negatively impact the Company, including the costs of conducting operations and the amount of sales during the emergency order in a particular province. Further changes to operations may be required in the future as the situation is continually evolving.

As a result of COVID-19, the Company implemented work-from-home policies for certain employees and subject to stay at home orders and other guidance issued from time to time by applicable governmental authorities, some members of staff have since returned to the office space with safety precautions, including physical distancing measures implemented. Additional restrictions relating to COVID-19 or a further wave of infections could significantly impact the Company's operations and result in the Company resuming its work-from-home directive. The effects of the Company's work-from-home policies may negatively impact productivity, disrupt access to books and records, increase cybersecurity risks and disrupt its business, and the Company does not yet know when it will be able to return to the office permanently. In addition, the effects of COVID-19 may delay its ability to execute on certain of its strategic plans involving construction. So long as measures to combat COVID-19 stay in effect, the Company expects COVID-19 to negatively affect its results of operations. The global impact of COVID-19 continues to evolve rapidly, and the extent of its effect on the Company's operational and financial performance will depend on future developments, which are highly uncertain, including the duration, scope and severity of the pandemic, the actions taken to contain or mitigate its impact, and the direct and indirect economic effects of the pandemic and related containment measures, among others.

Any positive impacts from preventive measures, vaccines or treatments for COVID-19 may not be realized due to mutations in the COVID-19 virus, adverse side effects, difficulties in implementation or distribution or other factors, so there can be no assurance that such preventive measures, vaccines or treatments will have a material impact on the Company's business, financial condition or results of operations. Furthermore, any subsequent "wave" or mutated strains of COVID or the spread of other pathogens could also exacerbate the risks described in this risk factor.

Even after the pandemic subsides, the Company's business could also be negatively impacted should the effects of COVID-19 lead to changes in consumer behaviour, including as a result of a decline in discretionary spending.

As of the date of this Prospectus, the Company has continued modified operations under COVID-19 protocols. The Company is actively addressing risks to its business from COVID-19 through a broad range of measures throughout its structure and is re-assessing its response to the COVID-19 pandemic on an ongoing basis, see "*Description of the Business – Recent Developments – COVID-19 Pandemic*" for additional information.

#### *Enforcement of Foreign Judgements*

Certain directors of the Company reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for investors to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian

securities laws against such persons. Moreover, it may not be possible for investors to effect service of process within Canada upon such persons.

### **EXEMPTION FROM NI 44-101**

Pursuant to a decision of the Autorité des marchés financiers dated July 9, 2021, the Company was granted exemptive relief from the requirement that this Prospectus as well as the documents incorporated by reference herein and any Prospectus Supplement and the documents incorporated by reference therein to be filed in relation to an “at-the-market distribution” be publicly filed in both the French and English languages. This exemptive relief is granted on the condition that this Prospectus, any Prospectus Supplement (other than in relation to an “at-the-market distribution”) and the documents incorporated by reference herein and therein be publicly filed in both the French and English languages if the Company offers Securities to Quebec purchasers in connection with an offering other than in relation to an “at-the-market distribution”.

### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any supplement or amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. However, purchasers of Securities under an “at-the-market” distribution by the Company do not have the right to withdraw from an agreement to purchase the Securities and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the Prospectus, the accompanying Prospectus Supplement and any amendment relating to the Securities purchased by such purchaser because the Prospectus, the accompanying Prospectus Supplement, and any amendment relating to the Securities purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of NI 44-102. Any remedies under securities legislation that a purchaser of the Securities distributed under an “at-the-market” distribution by the Company may have against the Company or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if the Prospectus, the accompanying Prospectus Supplement, and any amendment relating to securities purchased by a purchaser contain a misrepresentation will remain unaffected by the non-delivery of the Prospectus, the accompanying Prospectus Supplement and any amendment relating to the Securities purchased by such purchaser.

The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.

Original purchasers of Securities under this Prospectus (as supplemented or amended) that are convertible, exchangeable or exercisable for other securities of the Company will be granted a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of such Securities. The contractual right of rescission will entitle such original purchasers to receive, in addition to the original amount paid for such Securities, the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this Prospectus, the relevant Prospectus Supplement or an amendment thereto contains a misrepresentation, provided that (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement; and (ii) the right of rescission is exercised within

180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

In an offering of Securities, to the extent such securities are convertible, exchangeable or exercisable securities, original purchasers are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial and territorial securities legislation, to the price at which the Securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories of Canada, if the purchaser pays additional amounts upon conversion, exchange or exercise, as applicable, of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories of Canada. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of Canada for the particulars of these rights or consult with a legal advisor.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Company is not aware of: (a) any legal proceedings to which the Company is a party, or to which any of the Company's property is subject, which would be material to the Company or of any such proceedings being contemplated, (b) any penalties or sanctions imposed by a court relating to securities legislation, or other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor making an investment decision, and (c) any settlement agreements that the Company has entered into before a court relating to securities legislation or with a securities regulatory authority.

### **LEGAL MATTERS**

Certain legal matters in connection with any offering under the Prospectus will be passed upon on behalf of the Company by Cassels Brock & Blackwell LLP with respect to matters of Canadian law. As at the date hereof, the partners and associates of Cassels Brock & Blackwell LLP beneficially own, directly and indirectly, in the aggregate, less than 1% of the Common Shares.

### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

Manning Elliott LLP is the independent auditor of the Company and is independent within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of British Columbia. Manning Elliott LLP's office is located at 1030 W Georgia Street, Suite#1700, Vancouver, BC V6E 2Y3.

The registrar and transfer agent for the Common Shares is Computershare Investor Services Inc. at its offices in Vancouver, British Columbia.

## CERTIFICATE OF THE COMPANY

August 18, 2021

This short form prospectus, together with the documents incorporated by reference in this prospectus, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

(signed) "Norton Singhavon"

Norton Singhavon  
Chief Executive Officer

(signed) "Kendra Blackford"

Kendra Blackford  
Chief Financial Officer

### On behalf of the Board of Directors:

(signed) "Michael Blady"

Michael Blady  
Director

(signed) "Derek Sanders"

Derek Sanders  
Director