

ENTHEOS CAPITAL CORP.
NOTICE OF MEETING
AND
MANAGEMENT INFORMATION CIRCULAR
FOR
ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON JULY 29, 2021
WITH RESPECT TO A PROPOSED REVERSE TAKEOVER

JUNE 21, 2021

Neither the Canadian Securities Exchange, nor any securities regulatory authority has in any way passed upon the merits of the transactions described in this information circular.

ENTHEOS CAPITAL CORP.

**NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING
OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the annual and special general meeting (the “**Meeting**”) of shareholders of ENTHEOS CAPITAL CORP. (the “**Company**”) will be held virtually, on Thursday, July 29, 2021, at the hour of 11:00 a.m. (Vancouver time) for the following purposes:

1. To receive the audited financial statements of the Company for the year ended December 31, 2020, together with the report of the auditors thereon;
2. To fix the number of directors for the ensuing year at four (4);
3. To elect directors of the Company for the ensuing year;
4. To appoint Smythe LLP, Chartered Professional Accountants, as auditors for the Company for the ensuing year and to authorize the directors to fix their remuneration;
5. To consider and, if thought fit, pass, with or without variation, an ordinary resolution (the “**Change of Business Resolution**”), to be approved by a majority of the minority shareholders of the Company, approving the purchase and sale of the BC Bud Corporation (the “**Target**”) and the resulting change in direction of the Company’s business from being an inactive financial services issuer to that of an industrial issuer (the “**Transaction**”), the full text of which resolution is set out in Schedule “D” to the Circular, all as more particularly described in the Circular;
6. To consider and if thought fit, approve an ordinary resolution (the “**Delisting Resolution**”), to be approved by a majority of the disinterested shareholders of the Company, approving the voluntary delisting of the Company’s common shares from the NEX immediately prior to the completion of the Change of Business, the full text of which resolution is set out in Schedule “E” to the Circular,
7. To consider and if thought fit, approve an ordinary resolution ratifying and approving the renewal of the Company’s 10% rolling stock option plan; and
8. To consider other matters, including without limitation such amendments or variations to any of the foregoing resolutions, as may properly come before the Meeting or any adjournment thereof.

In order to become effective, the Change of Business Resolution and the Delisting Resolution must be approved by (a) a simple majority of the votes cast by the shareholders of the Issuer, present in person or by proxy, at the Meeting and (b) a majority of the votes cast by minority shareholders of the Company, present in person or by proxy, at the Meeting. The Transaction will be completed pursuant to a share exchange agreement between the Company, the Target and its shareholders dated March 15, 2021, a copy of which is available under the Company’s profile on SEDAR at www.sedar.com. Details of the Transaction and its effects, as well as information concerning the Target and proposed resulting issuer following the Transaction are contained in the Circular, and reference should be made to that document for complete information.

In light of the ongoing public health concerns related to COVID-19, and based on government recommendations to avoid large gatherings, the Company will not be permitting attendance in person. Shareholders are urged to vote on the matters before the Meeting by proxy and to listen to the Meeting online. Registered shareholders or proxyholders representing registered shareholders participating in the Meeting virtually will be considered to be present in person at the Meeting for the purposes of determining quorum. Non-registered shareholders who have not duly appointed themselves as a proxyholder will be able to attend the Meeting as a guest but will not be able to vote at the Meeting.

The record date for determination of the Shareholders entitled to receive notice of and to vote at the Meeting is May 31, 2021 (the "Record Date"). Only holders of record of common shares of the Company ("Shares") at the close of business on the Record Date will be entitled to vote in respect of the matters to be voted on at the Meeting or any adjournment or postponement thereof.

The form of proxy accompanies this notice of Meeting. The audited financial statements, auditors' report and management's discussion and analysis of the Company have been delivered to those shareholders who indicated to the Company that they wished to receive copies of same.

Shareholders will have two options to access the Meeting, being via teleconference or through the Zoom application, which requires internet connectivity. Shareholders wishing to vote in person will need to utilize the Zoom application, but any shareholder may listen to the Meeting via teleconference. Shareholders participating via teleconference will not be able to vote in person at the Meeting as the Company's scrutineer must take steps to verify the identity of shareholders or proxyholders using the video features.

In order to dial into the Meeting, shareholders will phone 1-778-907-2071 and enter the Meeting ID and Password noted below.

In order to access the Meeting through Zoom, shareholders will need to download the application onto their computer or smartphone and then once the application is loaded, enter the Meeting ID and Password below or open the following link:

<https://us02web.zoom.us/j/81392116378?pwd=UzR6UEVhV2VQYURWMWdnV2ozKzNRQT09>

Shareholders will have the option through the application to join the video and audio or simply view and listen.

Meeting ID: 813 9211 6378

Password: 651880

Your vote is important regardless of the number of Shares that you own. Shareholders who are unable to attend the Meeting are asked to sign, date and return the enclosed form of proxy relating to the Shares held by them in the envelope provided for that purpose.

To be effective, the proxy must be duly completed and signed and then deposited by mail to of Computershare Investor Services (Attention: Proxy Department) at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, in the enclosed self-addressed envelope, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting, or any adjournment thereof. An instrument of proxy may also be voted using a touch-tone telephone at 1-866-732-VOTE (8683). Alternatively, a registered shareholder can complete internet voting by logging on at www.investorvote.com and entering the CONTROL NUMBER located on the address box of the shareholder's instrument of proxy.

DATED at Vancouver, British Columbia, this 21st day of June, 2021.

ENTHEOS CAPITAL CORP.

By Order of the Board

"Brayden Sutton"

Brayden Sutton,
President and Chief Executive Officer

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SCHEDULES

- Schedule "A" - Information Concerning the Issuer
- Schedule "B" - Information Concerning the Target
- Schedule "C" - Information Concerning the Resulting Issuer
- Schedule "D" - Change of Business Resolution
- Schedule "E" - Delisting Resolution
- Schedule "F" - Audited Financial Statements of the Target for the financial years ended February 28, 2021 and February 29, 2020
- Schedule "G" - Management's Discussion and Analysis of the Target for the financial year ended February 28, 2021
- Schedule "H" - Pro Forma Financial Statements of the Resulting Issuer as at February 28, 2021

GENERAL DISCLOSURE

No person has been authorized by the Target or by the Issuer to give any information or make any representations in connection with the Transaction herein described other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by the Target or the Issuer, as applicable.

References to "management" in this Circular mean the executive officers of the Target or the Issuer, as applicable. Any statements in this Circular made by or on behalf of management are made in such persons' capacities as officers of the Target or the Issuer, as applicable, and not in their personal capacities.

All information contained in this Circular with respect to the Target and the Resulting Issuer has been supplied by the Target for inclusion herein, and with respect to that information, the Issuer and their respective directors and officers have relied solely on the Target. Based on its due diligence conducted in this respect, the Issuer has no reason to believe that such information is not accurate.

All information contained in this Circular with respect to the Issuer has been supplied by the Issuer for inclusion herein, and with respect to that information, the Target and its directors and officers have relied solely on the Issuer. Based on its due diligence conducted in this respect, the Company has no reason to believe that such information is not accurate.

A securityholder should rely only on the information contained in this Circular and should not rely on certain parts of this Circular to the exclusion of others. The information contained in this Circular is accurate only as of the date of this Circular, regardless of the time of delivery of this Circular. The Target's, as well as the Issuer's, business, financial condition, results of operations and prospects may have changed since the date of this Circular.

The unaudited pro forma consolidated financial statements of the Resulting Issuer are based on Target management assumptions and adjustments which are inherently subjective. The unaudited pro forma consolidated financial statements may not be indicative of the consolidated financial position and consolidated results of operations that would have occurred if the transactions had taken place on the dates indicated or of the consolidated financial position or consolidated operating results which may be obtained in the future. The consolidated actual financial position and consolidated results of operations of the Resulting Issuer for any period following the closing of the transactions contemplated by this Circular will likely vary from the amounts set forth in the unaudited pro forma consolidated financial statements and such variation may be material.

No person is authorized to give any information or to make any representation not contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. Neither delivery of this Circular nor any distribution of the securities referred to in this Circular shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Circular.

CERTAIN INFORMATION

In this Circular, references to "\$" or "dollars" are to the lawful currency of Canada, unless otherwise indicated. All references to "US\$" or "USD" are to the lawful currency of the United States.

Words importing the singular number include the plural and vice versa, and words importing any gender include all genders. Terms and abbreviations used in the financial statements of the Issuer and the Target and in the schedules to this Circular are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

Aggregated figures in graphs, charts and tables contained in this Circular may not add due to rounding. Historical statistical data and/or historical returns do not necessarily indicate future performance. Unless otherwise indicated, the market and industry data contained in this Circular is based upon information from industry and other publications and the knowledge of management and experience of the Target and the Company in the markets in which they operate. While management of the Target and the Company believe this data is reliable, market and industry data are subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Neither the Target nor the Company has independently verified any of the data from third-party sources referred to in this Circular or ascertained the underlying assumptions relied upon by such sources.

CAUTIONARY NOTE REGARDING NON-IFRS MEASURES

This document includes non-IFRS financial measures. Generally, a non-IFRS financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS and are not measures of financial performance (nor do they have standardized meanings) under IFRS. In evaluating these measures, securityholders should consider that the methodology applied in calculating such measures may differ among companies and analysts.

The Target uses both IFRS and certain non-IFRS measures to assess performance. Management believes these non-IFRS measures provide useful supplemental information to securityholders in order that they may evaluate the Target's financial performance using the same measures as management. Management believes that, as a result, the securityholder is afforded greater transparency in assessing the financial performance of the Target. These non-IFRS financial measures should not be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with IFRS.

FORWARD LOOKING STATEMENTS

The information provided in this Circular, including information incorporated by reference, may contain "forward-looking statements" (collectively referred to hereafter as "**forward-looking statements**") about the Issuer, the Target and the Resulting Issuer. In addition, the Issuer and the Target may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Issuer that are not statements of historical fact and may also constitute forward-looking statements.

All statements, other than statements of historical fact, made by the Issuer or the Target that address activities, events or developments that the Issuer and the Target expect or anticipate will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

These statements speak only as of the date they are made and are based on information currently available and on the then current expectations of the Issuer and the Target and assumptions concerning future events. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the headings "*Risk Factors Associated with the Transaction*" and in relation to the businesses of the Resulting Issuer as further described in Schedule "C" and in other documents incorporated by reference in this Circular.

In particular, this Circular contains forward-looking statements pertaining to the following:

- the terms, conditions and completion of the Transaction and Financing;
- the Closing Date;
- use of proceeds from the Financing;
- the obtaining of all required regulatory approvals in connection with the Transaction and Financing as well as for the production and sale of the Resulting Issuer's products;
- the potential benefits of the Transaction;
- estimates of the Resulting Issuer's future revenues and profits;
- treatment under government regulatory and taxation regimes;
- the timing of the listing of the Resulting Issuer's Shares on the CSE;
- the Resulting Issuer's and the Target's business strategies, objectives and plans to pursue the commercialization of its products;
- expectations regarding costs of goods sold;
- the Resulting Issuer's and the Target's estimates of the size of the potential markets for its products and the rate and degree of market acceptance of such products and its competitive positions in relation thereto;
- the Target's intentions to develop its business and operations
- projections of market prices and costs and the future market for the Target's products and conditions affecting same;
- estimates of the Resulting Issuer's or the Target's future revenues and profits;
- the Resulting Issuer's anticipated cash needs, needs for additional financing and use of funds;
- ability to obtain and protect the Resulting Issuer's intellectual property and proprietary rights;
- expectations regarding the Resulting Issuer's ability to raise capital;
- statements relating to the business and future activities of, and developments related, to the Resulting Issuer after the date of this Circular and thereafter;
- Shareholder approval of the Transaction;
- market position, and future financial or operating performance of the Resulting Issuer; and
- anticipated developments in operations of the Resulting Issuer.

With respect to forward-looking statements listed above and contained in this Circular, management of the Issuer has made assumptions regarding, among other things:

- the Issuer's and the Target's ability to satisfy the conditions to the Transaction and Financing;
- the Issuer's ability to satisfy the Escrow Release Conditions for the Financing;
- the legislative and regulatory environment;
- the timing and receipt of governmental approvals;
- foreign currency and exchange rates;
- predictable changes to market prices for the Resulting Issuer's and the Target's products and other predicted trends regarding factors underlying the market for the cannabis industry;
- the ability to secure necessary personnel, equipment and services;
- anticipated results of research and development activities;
- that tax regimes will remain largely unaltered;
- the Resulting Issuer's ability to obtain additional financing on satisfactory terms; and
- the global economic environment.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Circular:

- the possibility that operating results will not be consistent with the Resulting Issuer's or Target's expectations;
- the fact that cannabis is not an approved drug or medicine in Canada and that the Target does not hold a Cannabis License under the Cannabis Regulations nor does the Target intend to apply for a Cannabis License;
- treatment under government regulatory and taxation regimes and potential changes thereto in light of recent court decisions and federal announcements;
- limited operating history and negative operating cash flow;
- reliance by the Target on other holders of Cannabis Licenses to produce and sell its products;
- dependence on management and conflicts of interest;
- risks related to the Target's ability to attract and retain qualified personnel, including the ability to keep essential operational staff as a result of COVID-19;
- restrictions on marketing activities in the cannabis industry;
- competition for, among other things, customers, supply, capital, capital acquisitions of products and skilled personnel;
- consumer acquisition and retention;
- liabilities inherent in cannabis operations;

- fluctuations in currency and interest rates;
- unfavorable publicity or consumer perception;
- product liability and recall risks as well as general operating risks;
- risks relating to global financial and economic conditions and the impact of the COVID 19 pandemic;
- alteration of tax regimes and treatments;
- the Resulting Issuer's holding company status;
- changes in legislation affecting operations of either the Resulting Issuer;
- failure to realize the benefits of the Transaction and any future acquisitions;
- incorrect assessments of the value of acquisitions; and
- other factors discussed under "*Risk Factors Associated with the Transaction*" and in Schedule "C" to this Circular as applicable to the businesses of the Resulting Issuer.

Consequently, all forward-looking statements made in this Circular and other documents of the Issuer and the Target are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Issuer or the Target. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer, the Target and/or persons acting on their behalf may issue. The Issuer and the Target 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 securities laws. For all these reasons, Shareholders should not place undue reliance on forward-looking statements

INFORMATION CONCERNING THE TARGET

The information contained or referred to in this Circular relating to the Target has been furnished by the Target. In preparing this Circular, the Issuer has relied upon the Target and Phenome to ensure that the Circular contains full, true and plain disclosure of all material facts relating to the Target. Although the Issuer has no knowledge that would indicate that any statements contained herein concerning the Target are untrue or incomplete, neither the Issuer nor any of its principals assumes any responsibility for the accuracy or completeness of such information or for any failure by the Target to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed on SEDAR by the Issuer with securities commissions or similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this Circular:

1. Audited financial statements of the Issuer for the financial years ended December 31, 2019 and 2020 and the MD&A filed in connection with the audited financial statements for the financial year ended December 31, 2020.
2. Unaudited condensed interim financial statements of the Issuer for the three months ended March 31, 2021 and the MD&A filed in connection with the unaudited interim financial statements for the three months ended March 31, 2021.

3. Material change report dated April 1, 2020 pertaining to the consolidation of the Issuer's shares on a 10 old for one new basis and the change of the Issuer's name to "Entheos Capital Corp."
4. Material change report dated April 9, 2020 pertaining to the appointment of Brayden Sutton as CEO of the Issuer and Samantha Shorter as CFO of the Issuer.
5. Material change report dated April 21, 2020 pertaining to the completion of \$250,000 non-brokered private placement.
6. Material change report dated May 29, 2020 pertaining to the completion of \$750,000 non-brokered private placement.
7. Material change report dated February 16, 2021 pertaining to the execution of the Letter Agreement.
8. Material change report dated May 4, 2021 pertaining to the closing of the Financing.
9. Material change report date June 25, 2021 pertaining to the execution of the Acquisition Agreement.

Copies of the foregoing documents incorporated herein by reference may be obtained on request without charge from the Issuer's registered and records office located at 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 (Telephone: 604.604.683.7361). These documents are also available through SEDAR, which can be accessed online at www.sedar.com.

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

DATE OF INFORMATION

Except as otherwise indicated in this Circular, all information disclosed in this Circular is as of June 21, 2021 and the phrase "as of the date hereof" and equivalent phrases refer to June 21, 2021.

GLOSSARY OF TERMS

For the assistance of Shareholders, the following is a glossary of terms used frequently throughout this Circular and the summary hereof. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. Certain additional terms are defined within the body of this Circular and in such cases will have the meanings ascribed thereto.

Acceleration Right	The right of the Resulting Issuer to accelerate the expiry date of the Placement Warrants issued pursuant to the conversion of the Subscription Receipts, in the event that the closing price of the Resulting Issuer Shares on the CSE exceeds \$0.75 per Resulting Issuer Share for a period of 10 consecutive trading days to a period of 30 days from the date the Resulting Issuer provides notice to the holders, following which the applicable Placement Warrants will expire
ACMPR	<i>Access to Cannabis for Medical Purposes Regulation (ACMPR)</i> issued pursuant to the CDSA which was replaced by the Cannabis Act and the Cannabis Regulations
Acquisition Agreement	The share purchase agreement dated for reference March 15, 2021 between the Issuer, the Target and the Target Shareholders pursuant to which the Issuer will acquire all of the issued and outstanding Target Shares.
Affiliate	Unless specified otherwise, has the meaning ascribed to such term in NI 45-106.
Arm's Length Transaction	A transaction which is not a related party transaction as defined under applicable securities laws. The Transaction is NOT an Arm's Length Transaction.
Associate	Unless specified otherwise, has the meaning ascribed to such term in the <i>Securities Act</i> (British Columbia), as amended, including the regulations promulgated thereunder.
Audit Committee	The audit committee of the Board.
BCBCA	The <i>Business Corporations Act</i> (British Columbia), S.B.C. 2002, c.57, as amended from time to time, including the regulations promulgated thereunder.
Beneficial Shareholder	A shareholder holding its Common Shares through an Intermediary, or otherwise not in the shareholder's own name.
Black Rose	Black Rose Organic Canada Inc., a Cannabis License holder.
Board of Directors or Board	The board of directors of the Issuer or the Resulting Issuer, as the context requires.
cannabis	Unless specified otherwise, has the meaning ascribed to such term in the Cannabis Act

Cannabis Act	The shortened title to <i>“An Act respecting cannabis and to amend the Controlled Drugs and Substance Act, the Criminal Code and other acts”</i> , S.C. 2018, c.16, which came into effect on October 17, 2018, as amended from time to time
Cannabis License	A license to be issued by Health Canada under the Cannabis Act whether for cultivation, processing or sale or the subclasses thereunder.
Cannabis Regulations	The regulations to the Cannabis Act which came into effect on October 17, 2018, as such may be amended from time to time.
CBCA	The <i>Canada Business Corporations Act</i> , R.S.C., 1985 c. C-44, as amended from time to time, including the regulation promulgated thereunder
CDSA	<i>Controlled Drugs and Substances Act</i> (Canada) S.C. 1996, c. 19, as amended from time to time, including the regulations promulgated thereunder
CEO	Each individual who served as Chief Executive Officer of the Issuer or acted in a similar capacity during the most recently completed financial year.
CFO	Each individual who served as Chief Financial Officer of the Issuer or acted in a similar capacity during the most recently completed financial year.
Change of Business Resolution	The ordinary resolution approving the Transaction, the full text of which is set forth in Schedule “D” attached to this Circular, to be considered, and if deemed advisable, passed, with or without variation, by the Minority Shareholders at the Meeting.
Circular	This management information circular of the Issuer dated June 21, 2021 furnished in connection with the solicitation of proxies for use at the Meeting.
Closing	The closing of the Transaction.
Closing Date	The date on which the Closing occurs, as agreed by the Issuer and the Target and the Target Shareholders.
Collateral Benefit	Has the meaning ascribed thereto in MI 61-101.
Common Shares	The common shares without par value in the capital of the Issuer
company	unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
Control Person	Any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer

COVID-19	coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).
CRA	Canada Revenue Agency.
CSE	Canadian Securities Exchange
CSE Policies	The rules and policies of the CSE in effect as of the date hereof.
Delisting Resolution	The ordinary resolution approving the delisting of the Common Shares from the NEX, the full text of which is set forth in Schedule "E" attached to this Circular, to be considered, and if deemed advisable, passed, with or without variation, by the Minority Shareholders at the Meeting
Escrow Agreement	The escrow agreement pursuant to which certain securities held by principals of the Resulting Issuer, will be deposited with the Transfer Agent, in accordance with the policies of the CSE and NP 46-201.
Escrow Release Conditions	The conditions to be satisfied on or before the Escrow Release Deadline for the purposes of converting the Subscription Receipts into Resulting Issuer Shares and release of the gross proceeds of the Financing to the Resulting Issuer, being the conditions precedent to the completion of the Transaction, other than the release of the proceeds of the Financing, as set forth in the Acquisition Agreement.
Escrow Release Deadline	September 30, 2021
executive officer	(i) the chair, (ii) the vice-chair, (iii) a vice-president in charge of a principal business unit, division or function, including sales, finance or production; (iv) an officer, including of a subsidiary, who performs a policy making functions; (v) or any other individual performing policy making functions of a company, including the Issuer, the Target or the Resulting Issuer.
Exchanges	Either of the CSE or the TSXV
Excluded Persons	Those Shareholders who are excluding from voting on the Transaction in accordance with MI 61-101 being the (a) the Issuer, (b) an Interested Party (c) a related party of an Interested Party or (d) a joint actor with a person referred to in (b) or (c) above, and in particular means Brayden Sutton and Thomas Joshua Taylor and their Associates
Financing	The financing completed by the Issuer raising \$1,000,000 through the sale of 4,000,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt on a non-brokered basis.
Habitat	Habitat Craft Cannabis Ltd., a Cannabis License holder
Health Canada	The Canadian federal department responsible for health
IFRS	International Financial Reporting Standards.
Insider	if used in relation to a company, means:

- (a) a director or senior officer of a company;
- (b) a director or senior officer of a company that is an Insider or subsidiary of a company;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of a company; or
- (d) a company itself if it holds any of its own securities.

Interested Party	Has the meaning ascribed thereto in MI 61-101
Intermediary	A broker, intermediary, trustee or other person holding Common Shares on behalf of a Beneficial Shareholder.
Issuer	Entheos Capital Corp., a corporation incorporated under the BCBCA and listed on the NEX under the trading symbol "ENTH".
ITA	The Income Tax Act (Canada), as amended, and the regulations thereunder.
license holder	A holder of a Cannabis License.
Letter Agreement	The letter agreement dated February 7, 2021 between the Issuer and the Target which was superseded by the Acquisition Agreement.
Listing Date	The date on which the Resulting Issuer Shares are listed on the SE
MD&A	Management's discussion and analysis, as such term is defined in National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.
Meeting	The annual and special general meeting of Shareholders to be held on July 29, 2021.
MI 61-101	Multilateral Instrument 61-101 – <i>Protection of Minority Securityholders in Special Transactions</i> and the companion policies and forms thereto, as amended from time to time
MMAR	The <i>Marihuana Medical Access Regulations</i> (Canada), which was replaced by the MMPR.
MMPR	The <i>Marihuana for Medical Purposes Regulation</i> (Canada), which was replaced by the ACMPR
Minority Approval	The approval of a majority of the Minority Shareholders, present in person or voting by proxy at the Meeting.
Minority Shareholders	Holders of Common Shares other than Excluded Persons.
Name Change	The change of the Issuer's name from "Entheos Capital Corp." to "The BC

Bud Corporation.” or such other name as the Parties determine

Named Executive Officer or NEO	One of the (i) the CEO, (ii) the CFO, (iii) each of the Issuer’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, or (iv) any additional individuals for whom disclosure would have been provided under paragraph (i) above except that the individual was not serving as an executive officer of the Issuer, nor in a similar capacity, as at the end of the most recently completed financial year end.
NEX	The NEX Board of the TSX Venture Exchange.
NI 52-110	National Instrument 52-110 Audit Committees as adopted the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time
NP 46-201	National Policy 46-201 Escrow for Initial Public Offerings as adopted the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time.
Notice of Meeting	The notice to the Shareholders of the Meeting which accompanies this Circular.
Option Plan Resolution	The ordinary resolution approving and ratifying the Stock Option Plan to be considered, and if deemed advisable, passed, with or without variation, by the Shareholders at the Meeting
Parties	Either of the Issuer, the Target or the Target Shareholders as the context require, any “Party” means any of them, in relation to the Acquisition Agreement.
Payment Shares	An aggregate of 26,250,000 Common Shares having a deemed price of \$0.25 per shares to be issued to the Target Shareholders as the total consideration payable for the acquisition of the Target Shares by the Issuer pursuant to the Acquisition Agreement.
person	Broadly interpreted and includes any natural person, partnership, limited partnership, joint venture, syndicate, sole proprietorship, body corporate with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative.
Placement Warrant	The warrants issuable as part of the Units in the Financing, each whole warrant entitling the holder to acquire a Common Share at a price of \$0.50 per Common Shares for a period of period of two years from issuance, subject to the Acceleration Right.
Record Date	May 31, 2021
Registered Plan	A trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit-sharing plan, a tax-free savings account or a registered education

	savings plan.
Registered Shareholder	A registered holder of Common Shares.
Related Party Transaction	A 'related party transaction' as defined in MI 61-101. The Transaction IS a Related Party Transaction.
Resulting Issuer	The Issuer, following completion of the Transaction, Financing and Name Change.
Resulting Issuer Options	Incentive stock options granted under the Stock Option Plan to acquire Resulting Issuer Shares
Resulting Issuer Shares	Common shares in the capital of the Resulting Issuer.
Resulting Issuer Stock Option Plan	The stock option plan of the Resulting Issuer
RSUs	Restricted stock units to acquire Resulting Issuer Shares granted to directors and consultants of the Resulting Issuer pursuant to consulting agreements
SEC	The United States Securities and Exchange Commission.
SEDAR	The System for Electronic Document Analysis and Retrieval as located on the internet at www.sedar.com .
Shareholders	Holders of one or more Common Shares.
Stock Option Plan	The current incentive stock option plan of the Issuer.
Stock Options	Existing options granted by the Issuer pursuant to the Option Plan.
Subscription Receipts	A subscription receipt offered pursuant to the Financing at a price of \$0.25 per subscription receipts with each subscription receipt convertible into one Unit
Target	The BC Bud Corporation., a company incorporated pursuant to the CBCA
Target Shareholders	The holders of the Target Shares.
Target Shares	The common shares in the capital of the Target.
Transaction	The acquisition of all of the issued and outstanding Target Shares by the Issuer pursuant to the Acquisition Agreement
Transfer Agent	Computershare Trust Company of Canada.
TSXV	TSX Venture Exchange.
Unit	A unit offered pursuant to the Financing, upon the conversion of the Subscription Receipts, at a price of \$0.25 per unit, each comprised of one Common Share and one Placement Warrant

United States or USA	The United States of America, its territories and possessions, any state of the United States and the District of Columbia.
Valuation Report	The independent valuation report dated December 21, 2020 as prepared by Malahat Valuation Group regarding the Target
Warrants	Existing warrants issued by the Issuer to acquire Common Shares.
1933 Act	The United States Securities Act of 1933, as amended.
1934 Act	The United States Securities Exchange Act of 1934, as amended.

SUMMARY

The following is a summary of information relating to the Issuer, the Target, the Transaction and the Resulting Issuer (assuming completion of the matters contemplated in this Circular) contained elsewhere in this Circular. This summary is qualified in its entirety by and should be read together with the more detailed information and financial data and statements contained elsewhere in this Circular, including the Schedules, which are incorporated herein and form part of this Circular, and the documents incorporated by reference herein. Certain capitalized words and terms used in this Summary are defined in the Glossary.

The Meeting

Time, Date and Place of Meeting

The Meeting will be held virtually, on July 29, 2021, commencing at the hour of 10:00 a.m. (Vancouver time). Please see “*Virtual Meeting*” below

Record Date

The record date for determining the registered Shareholders for the Meeting is June 25, 2021. Please see “*General Proxy Information*” for further information.

Purpose of the Meeting

At the Meeting and in addition to annual meeting matters, Shareholders will be asked to consider and approve the Transaction pursuant to the Change of Business Resolution and the Delisting Resolution authorizing the delisting of the Shares from NEX to facilitate the Transaction.

The Shareholders will also be asked to vote on the Option Plan Resolution and to consider such other matters as may properly come before the Meeting, all as set forth in the notice of special meeting accompanying this Circular

Approvals Required for Certain Matters

The full text of the Change of Business Resolution is set out in Schedule “D” to this Circular and the full text of the Delisting Resolution is set out in Schedule “E” to this Circular. In order to implement the Transaction, the Change of Business Resolution and the Delisting Resolution must be approved, with or without amendment, by a majority of the votes cast by the Minority Shareholders, present in person or by proxy at the Meeting. Please see “*Particulars to be Acted Upon at the Meeting – Proposed Change of Business*”.

Board Recommendations

The Board recommends that Shareholders vote in favor of the Change of Business Resolution, the Delisting Resolution and the Option Plan Resolution. Please see “*Information Concerning the Change of Business Transaction – Recommendations of the Board*”.

Virtual Meeting

This year to mitigate risks the health and safety of the Issuer’s shareholders, employees and other stakeholders, the Issuer will be holding its meeting in a virtual only format. Shareholders will have an equal opportunity to participate at the Meeting online regardless of geographic location. Registered shareholders and proxyholders will be able to attend the virtual meeting and vote. Non-registered shareholders who have not duly appointed themselves as proxyholder will be able to attend the virtual Meeting as a guest, but will not be able to vote at the Meeting. This is because the Issuer and its transfer agent do not have a record of the non-registered shareholders,

and, as a result, will have no knowledge of their shareholdings or entitlement to vote unless they appoint themselves as proxyholder. Please see "*Appointment of Proxies*" and "*Revocation of Proxies*" below.

The Meeting will be held via the Zoom meeting platform. In order to access the Meeting, shareholders will have two options, being via teleconference or through the Zoom application, which requires internet connectivity. Registered Shareholders wishing to vote in person and any shareholders wishing to view materials that may be presented by the Management will need to utilize the Zoom application, but any shareholder may listen to the Meeting via teleconference. Registered Shareholders participating via teleconference will not be able to vote in person at the Meeting as the Issuer's scrutineer must take steps to verify the identity of registered shareholders using the video features.

In order to dial into the Meeting, shareholders will phone 1-778-907-2071 and enter the Meeting ID and Password noted below.

In order to access the Meeting through Zoom, shareholders will need to download the application onto their computer or smartphone and then once the application is loaded, enter the Meeting ID and Password below or open the following link:

<https://us02web.zoom.us/j/81392116378?pwd=UzR6UEVhV2VQYURWMWdnV2ozKzNRQT09>

Shareholders will have the option through the application to join the video and audio or simply view and listen.

Meeting ID: 813 9211 6378

Password: 651880

It is the shareholders responsibility to ensure connectivity during the meeting and the Issuer encourages its shareholders to allow sufficient time to log in to the Meeting before it begins.

The Parties

The Issuer

The Issuer is a company incorporated under the BCBCA and is a former financial services company prior to becoming inactive.

Following completion of the Transaction, the Issuer will and become a cannabis issuer. The Resulting Issuer's primary business would become the development and sale of cannabis products. Please see Schedule "C" - "*Information Concerning Resulting Issuer*".

Upon the Closing and assuming the completion of the Financing, the Resulting Issuer anticipates having 44,842,482 Resulting Issuer Shares issued and outstanding, 85,000 Resulting Issuer Options outstanding, 2,100,000 RSUs outstanding and 4,000,000 Resulting Issuer Warrants outstanding. See Schedule "C" - "*Information Concerning the Resulting Issuer – Fully Diluted Share Capital*".

The Target

The Target is a private company incorporated pursuant to the laws of Canada. The Target is operating in the cannabis industry through strategic relationships with holders of Cannabis Licenses.

The Transaction

Summary of the Transaction

The Issuer has entered into each of the Acquisition Agreement, whereby the Issuer will acquire the Target Shares from the Target Shareholders and as consideration therefor, the Issuer will issue to the Target Shareholders, the Payment Shares all of which Payment Shares will be subject to the Escrow Agreement.

The Acquisition Agreement is available on SEDAR at www.sedar.com. The completion of the Transaction is conditional upon the receipt of the approval of the CSE and certain other closing conditions as more particularly described in the Acquisition Agreement. See *"Information Concerning the Transaction."*

The Transaction will enable the shareholders of the Resulting Issuer to participate in a company whose primary business is the eventual development and sale of cannabis products in Canada.

For additional information see *"Information Concerning the Transaction"*.

Conditions to the Transaction

The Transaction and the obligations of the Parties to complete the Transaction is subject to certain conditions, including obtaining all necessary regulatory approvals, including, among others (i) the Change of Business Resolution having received the approval of the Minority Shareholders at the Meeting in accordance with MI 61-101; (ii) the approval of the Exchanges and (iii) the satisfaction of the Escrow Release Conditions. Please see *"Information Concerning the Transaction – the Acquisition Agreement – Conditions to the Transaction"* for further information

Background to the Transaction

In late December, the Issuer and the Target began discussing a potential transaction. In early February, the Parties began negotiating the Letter Agreement, which was executed on February 7, 2021. On February 15, 2021, the Board established a special committee, comprised of independent director Corey Larricq to consider and review the Transaction. On June 21, 2021, following a recommendation of the special committee, the Board, with Mr. Taylor and Mr. Sutton abstaining, approved the Acquisition Agreement and the Acquisition Agreement was executed by the Parties. The special committee reviewed the Transaction, the Financing, the Valuation Report and considered the Acquisition Agreement.

Valuation Report

In deciding to approve the Acquisition Agreement and the terms of the Transaction, the Board considered, among other things the Valuation Report. The Valuation Report was prepared by Malahat Valuation Group and provides a fair market value for the Target as at December 2, 2020. The Valuation Report expresses no opinion as to the expected trading price of the Resulting Issuer Shares (assuming completion of the Transaction) and was prepared prior to negotiations for the Transaction commencing. The Valuation Report concludes that the en bloc fair market value of the Target as at December 2, 2020 is in the range of \$7,900,000 to \$8,700,000. A summary of the Valuation Report is available at *"Information Concerning the Transaction – Valuation Report"*. The Valuation Report is not and should be construed as a valuation of the Issuer or its securities or as a recommendation to any Shareholder to vote in favor of the Change of Business Resolution.

Related Party Transaction

The Transaction constitutes a Related Party Transaction for the Issuer within the meaning of MI 61-101. Pursuant to MI 61-101, if a transaction is a Related Party Transaction, a formal valuation and the Minority Approval for the

Transaction may be required. As the Issuer is not a reporting issuer in Ontario it is not subject to MI 61-101, but the policies of the TSXV require that the Issuer comply with MI 61-101.

As the Issuer is listed on the Exchange and no other stock exchange outside of Canada and the United States, MI 61-101 provides an exemption to the general requirement to obtain a valuation for a transaction that is a Related Party Transaction. No formal valuations of the Issuer has been made in the last 24 months, to the knowledge of the Issuer, the Board and the Issuer's management. The sole valuation of the Target since its incorporation is the Valuation Report.

The Issuer has not received bona fide offers from other parties during the 24 months prior to the Letter Agreement.

MI 61-101 would require that the Issuer obtain Minority Approval for the Transaction from holders of every class of affected securities, in each case voting separately. The only outstanding classes of affected securities of Issuer are the Common Shares. As a result, at the Meeting, the Issuer shall seek the approval to the Change of Business Resolution from a majority of the votes cast by the Minority Shareholders.

In determining what constitutes Minority Approval for a Related Party Transaction, the Issuer must exclude the votes attached to affected securities, that to the knowledge of the Issuer or its directors and officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by (a) the Issuer, (b) an Interested Party (c) a Related Party of an Interested Party or (d) a joint actor with a person referred to in (b) or (c) above. The Issuer has determined that the Interested Parties are Brayden Sutton and his associates, including Sutton Ventures Ltd., and Thomas Joshua Taylor, and his associates including TJT Ventures Ltd. and that the votes attached to 1,055,000 Common Shares held by Sutton Ventures Ltd. and 213,976 Common Shares held by Thomas Joshua Taylor must be excluded from voting on the Change of Business Resolution.

The Issuer must also exclude the votes attached to Common Shares held by any directors or officers of the Issuer or any other Related Parties receiving a Collateral Benefit as a result of the Transaction. the Issuer has determined that pursuant to MI 61-101, no Common Shares must be excluded from the vote of the Minority Shareholders due to receipt of a Collateral Benefit that are not already excluded above.

Please "*Information Concerning the Transaction – Application of MI 61-101*".

Financing

In connection with the Transaction, on April 26, 2021, the Company completed the Financing. The Financing consisted of a non-brokered private placement of 4,000,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt raising proceeds of \$1,000,000. No finder's fees were payable in relation to the Financing.

Each Subscription Receipt entitles the holder thereof to receive, without any further action on the part of the holder or payment of any additional consideration, one Unit, subject to the satisfaction or waiver of the Escrow Release Conditions prior to Escrow Release Deadline, and provided that the Transaction has not otherwise been terminated.

Each Unit will consist of one Common Share and one Placement Warrant. The gross proceeds of the Financing are held in on behalf of the subscribers by the Issuer, in a segregated account and, upon the satisfaction or waiver of the Escrow Release Conditions, are to be released to the Resulting Issuer. In the event that the Escrow Release Conditions are not satisfied by the Escrow Release Deadline, the proceeds of the Financing will be returned to the holders of the Subscription Receipts and the Subscription Receipts will be cancelled. See Schedule "A" - "*Information Concerning the Issuer – the Financing.*"

Escrow Restrictions

Resulting Issuer Shares issued to or held by Principals will be subject to escrow restrictions pursuant to the terms of the Escrow Agreement and will be released from escrow based upon the passage of time in accordance with NP 46-201. All of the Payment Shares will be held pursuant to the Escrow Agreement.

For additional information concerning the escrow restrictions applicable to the securities of the Resulting Issuer, please see "*Schedule "C" - Information Concerning the Resulting Issuer – Escrowed Securities*".

Directors and Management

Following the Closing, the persons below will hold the following positions with the Resulting Issuer:

Mr. Brayden Sutton –CEO and Director
Mr. Thomas Joshua Taylor–President and Director
Ms. Dayna Lange – Director
Mr. Justin Chorbajian –Director

In addition, the Issuer will identify a candidate to hold the positions of Chief Financial Officer and Corporate Secretary of the Resulting Issuer, prior to the Closing Date and will announce such candidate and their qualifications via press release.

See Schedule "C" - "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters*".

Interests of Insiders, Promoters and Control Persons

Insiders of the Issuer currently hold an aggregate of 3,638,193 Common Shares, representing 24.93% of the issued and outstanding Common Shares.

Brayden Sutton, the President, CEO and a director of the Issuer is, indirectly through Sutton Ventures Ltd., the holder of 5,000,000 Target Shares and Thomas Joshua Taylor, a director of the Issuer is, indirectly through TJT Ventures Ltd., the holder of 5,000,000 Target Shares, each representing 40.00% of the issued and outstanding common shares of the Target. Mr. Sutton and Mr. Taylor are also the directors of the Target. Pursuant to the Transaction, each of Mr. Sutton and Mr. Taylor will receive an aggregate of 10,500,000 Payment Shares, all of which will be escrowed pursuant to the Escrow Agreement. Please see "*General Proxy Information – Interest of Certain Persons or Companies in Matters to be Acted Upon*" and "*Information Concerning the Transaction*" below.

On completion of the Transaction and assuming the completion of the Financing, the Target Shareholders will hold an aggregate of 26,250,000 Resulting Issuer Shares, representing approximately 58.53% of the issued and outstanding Resulting Issuer Shares on an undiluted basis.

See Schedule "C" - "*Information Concerning the Resulting Issuer – Escrowed Securities*" and "*Pro Forma Consolidated Capitalization*" for additional information.

Arm's Length Transaction

The Transaction is a Related Party Transaction within the meaning of MI 61-101. Please see "*Information Concerning the Transaction – Application of MI 61-101*" for additional particulars.

Funds Available

Upon completion of the Transaction and based on the Issuer having an estimated working capital of \$1,001,446 as at May 31, 2021 and the Target having an estimated working capital of \$294,645 as at May 31, 2021 and assuming

the additional gross proceeds of \$1,000,000 with respect to the Financing and \$100,000 in estimated remaining estimated transaction costs, the Resulting Issuer anticipates it will have estimated working capital of \$2,196,091. The principal purpose of such funds, after giving effect to the Transaction and for the 12 months thereafter, will be for, among other things, working capital and the short-term business objectives of the Target. It is anticipated that the Resulting Issuer will use such funds as follows:

Principal Purpose	Budgeted Expenditures
Estimated general and administrative costs over the 12 months following the Listing Date ⁽¹⁾	\$788,000
Inventory, Materials and Equipment Purchases	\$370,000
Completion of short term business objectives of the Target ⁽²⁾	\$875,000
Unallocated working capital ⁽³⁾	\$163,091
Total	\$2,196,091

Notes:

- (1) General and administrative costs for the next 12 months are expected to be comprised of: legal and accounting costs of \$50,000, audit fees of \$25,000, stock exchange fees, filing fees, shareholder meeting, and transfer agent costs of \$27,000, investor relation costs of \$36,000, travel expenses of \$50,000, insurance costs of \$37,000, office rents and supplies of \$83,000, and executive management fees and salary costs of \$480,000 (See Schedule "C" – *Information Concerning the Resulting Issuer - Executive Compensation of the Resulting Issuer*).
- (2) See "Schedule "C" – *Information Concerning the Resulting Issuer – Narrative Description of the Business of the Resulting Issuer – Stated Business Objectives*.
- (3) Unallocated funds will be added to the working capital of the Resulting Issuer and invested in short-term interest bearing obligations.

There may be circumstances where, for sound business reasons a reallocation of funds may be necessary. See Schedule "C" - "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Selected Pro Forma Consolidated Financial Information

The following table sets forth certain pro forma financial information for the Resulting Issuer, on a consolidated basis, after giving effect to the Transaction and Financing and certain other adjustments and subject to the assumptions described in the notes to the unaudited consolidated pro forma financial statements of the Resulting Issuer which are attached as Schedules "H" hereto. The unaudited pro forma consolidated balance sheets have been prepared based on the assumption that, among other things, the Transaction and Financing occurred on February 28, 2021.

The following information should be read in conjunction with the financial statements and reports thereon included in this Circular, being the audited financial statements of the Issuer for the years ended December 31, 2020 and December 31, 2019, and corresponding MD&A for the year ended December 31, 2020; the condensed interim financial statements of the Issuer for the three months ended March 31, 2021, and corresponding MD&A, all of which are incorporated by referenced into this Circular and available on SEDAR, the audited financial statements of the Target for the financial years ended February 28, 2021 and February 29, 2020, which are attached hereto as Schedule "F", and the corresponding MD&A for the year ended February 28, 2021, which is attached hereto as Schedule "G".

	Resulting Issuer Pro Forma February 28, 2021 (unaudited) (\$)
Current Assets	2,307,038
Total Assets	2,376,969
Current Liabilities	(42,554)
Total Liabilities	(128,315)
Shareholders' Equity	2,248,654

Market for Securities

The Common Shares are currently listed on the NEX for trading under the symbol ENTH. The price of the Common Shares on February 5, 2021, being the last day on which the Common Shares traded prior to the halt of trading of the Common Shares pending the announcement of the Transaction was \$0.21. The Common Shares have been halted from trading on the NEX since February 8, 2021. See *"Information Concerning the Issuer – Stock Exchange Price"* for more information.

Upon completion of Transaction, the Resulting Issuer Shares are intended to be listed on the CSE under a new trading symbol to be determined.

Conflicts of Interest

Directors or officers of the Resulting Issuer may, from time to time, serve as directors or officers of, or participate in ventures with, other companies involved in the cannabis industry. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible business opportunities or in generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the BCBCA to act at all times in good faith in the interests of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer, if and when they arise. As of the date of this Circular, to the best of its knowledge, the Issuer is not aware of the existence of any conflicts of interest between Issuer and any of the directors or officers of the Issuer. Please see Schedule "C" - *"Information Concerning the Resulting Issuer – Conflicts of Interest"*.

For information concerning the director and officer positions held by the proposed directors and officers of the Resulting Issuer, please see Schedule "C" - *"Information Concerning the Resulting Issuer – Other Reporting Issuer Experience"*.

Interest of Experts

To the best of the Issuer's knowledge, no direct or indirect interest in the Issuer is held or will be received by any experts responsible for opinions or reports referred to in this Circular. No expert is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer. Please see *"General Matters – Experts"* for more information.

Risk Factors

In considering approval of the Transaction, Shareholders should carefully consider certain risks relating to the Transactions and risks involved in the business of the Resulting Issuer.

Shareholders should consider a number of risks relating to the Transactions, which include: (i) uncertainty over whether all conditions precedent in the Acquisition Agreement will be satisfied; (ii) the anticipated benefits of the Transaction may not be realized by the Issuer; (iii) failure to obtain all regulatory requirements for completion of the Transaction; (iv) the Acquisition Agreement may be terminated in certain circumstances; (v) risks concerning acquisitions generally, and (vi) following completion of the Transaction, the Resulting Issuer may issue additional equity securities.

For more information see *“Risk Factors Association with the Transactions”*.

An investment in Resulting Issuer following completion of the Transaction, involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the proposed business of the Resulting Issuer. The risks, uncertainties and other factors, many of which are beyond the control of the Issuer or the Resulting Issuer, that could influence actual results include, but are not limited to: (i) risks relating to the Target not holding a Cannabis License; (ii) risks related to the COVID-19 pandemic; (iii) regulatory risks; (iv) risks relating to changes in laws and regulations (v) risks relating to the limited operating history of the Issuer; (vi) risks relating to history of net losses and lack of cash flow; (vii) risks relating reliance on other license holders; (viii) the Resulting Issuer’s reliance on operators and key employees; (ix) restrictions on sales activities; (x) competitive risks, (xi) intellectual property risks, (xii) client retention risks, (xiii) risks of theft and data loss, (xiv) unfavorable publicity or consumer perception, (xv) product liability risks and product recalls (xvi) operating risks, (xvii) risks relating to the Resulting Issuer’s additional funding requirements; (xviii) risks relating the Resulting Issuer’s holding company status; (xix) economic risks, including risks associated with the COVID-19 pandemic; (xx) conflicts of interest between the Resulting Issuer and its proposed directors and officers; (xxi) the Resulting Issuer’s ability to pay dividends; and (xxii) market risks; and other factors beyond the control of the Issuer or the Resulting Issuer. For a detailed description of certain risk factors relating to ownership of Resulting Issuer Shares, which should be carefully considered before making an investment decision, see Schedule “C” *“Information Concerning the Resulting Issuer - Risk Factors”*.

Accompanying Documents

This Circular is accompanied by several Schedules which are incorporated by reference into, form an integral part of, and should be read in conjunction with this Circular. It is recommended that Shareholders read this Circular and the attached Schedules in their entirety.

VIRTUAL MEETING

This year to mitigate risks the health and safety of the Shareholders, employees and other stakeholders, the Issuer will be holding the Meeting in a virtual only format. Shareholders will have an equal opportunity to participate at the Meeting online regardless of geographic location. Registered Shareholders and proxyholders will be able to attend the virtual meetings and vote. Non-registered shareholders who have not duly appointed themselves as proxyholder will be able to attend the virtual Meetings as a guest, but will not be able to vote at the Meeting. This is because the Issuer and its transfer agent, do not have a record of the non-registered shareholders, and, as a result, will have no knowledge of their shareholdings or entitlement to vote unless they appoint themselves as proxyholder. Please see "*Appointment of Proxies*" and "*Revocation of Proxies*" below.

The Meeting will be held via the Zoom meeting platform. In order to access the Meeting, shareholders will have two options, being via teleconference or through the Zoom application, which requires internet connectivity. Registered Shareholders wishing to vote in person will need to utilize the Zoom application, but any shareholder may listen to the Meeting via teleconference. Registered Shareholders participating via teleconference will not be able to vote in person at the Meetings as the meeting scrutineers must take steps to verify the identity of registered shareholders using the video features.

In order to dial into the Meetings, shareholders will phone 1-778-907-2071 and enter the Meeting ID and Password noted below.

In order to access the Meetings through Zoom, shareholders will need to download the application onto their computer or smartphone and then once the application is loaded, enter the Meeting ID and Password below or open the following link:

<https://us02web.zoom.us/j/81392116378?pwd=UzR6UEVhV2VQYURWMWdnV2ozKzNRQT09>

Shareholders will have the option through the application to join the video and audio or simply view and listen.

Meeting ID: 813 9211 6378

Password: 651880

It is the shareholders responsibility to ensure connectivity during the meeting and the Issuer encourages its shareholders to allow sufficient time to log in to the Meeting before it begins.

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by management of the Issuer for use at the Meeting, and at any adjournment thereof. The solicitation will be by mail and possibly supplemented by telephone, electronic communications or other personal contact to be made without special compensation by regular officers and employees of the Issuer. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Issuer. The Issuer does not reimburse Shareholders, nominees or agents for the costs incurred in obtaining from their principals authorization to execute forms of proxy. The Issuer has arranged for intermediaries to forward meeting materials to Beneficial Shareholders held as of record by those intermediaries and the Issuer may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxies

Accompanying this Circular is a form of proxy for Registered Shareholders. The persons named in the form of proxy are directors and/or officers of the Issuer, and are proxyholders nominated by the Board of Directors. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act on its behalf at the Meeting other than the persons named in the enclosed instrument of proxy. To exercise this right, a Shareholder must strike out the names of the nominees of management named in the instrument of proxy and insert the name of its nominee in the blank space provided on the proxy, or complete another instrument of proxy.**

The completed instrument of proxy must be dated and signed and the duly completed instrument of proxy must be deposited at the Issuer's transfer agent, COMPUTERSHARE INVESTOR SERVICES INC. no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or adjournment or postponement thereof or may be accepted by the chairman of the Meeting, prior to the commencement of the Meeting. The mailing address for proxies is:

**Computershare Investor Services Inc.
100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1
Fax number: 1-866-249-7775
Vote by Phone:
Registered Shareholders: 1-866-732-VOTE (8683)
Beneficial Shareholders: 1-866-734-VOTE (8683)
Vote Online: www.investorvote.com**

The instrument of proxy must be signed by the Shareholder or by his duly authorized attorney. If signed by a duly authorized attorney, the instrument of proxy must be accompanied by the original power of attorney or a notarially certified copy thereof.

Voting of Shares and Exercise of Discretion of Proxies

If a Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares represented by proxy will be voted or withheld from voting by the proxyholder in accordance with those instructions on any ballot or poll that may be called for.

In the enclosed form of proxy, in the absence of any instructions in the proxy, it is intended that such Common Shares will be voted by the proxyholder, if a nominee of management, in favour of the motions proposed to be made at the Meeting, and more specifically in favor of the Change of Business Resolution and the Delisting Resolution, as stated under the headings in the Notice of Meeting to which this Circular is attached. If any amendments or variations to such matters, or any other matters, are properly brought before the Meeting, the proxyholder, if a nominee of management, will exercise its discretion and vote on such matters in accordance with its best judgment.

The instrument of proxy enclosed, in the absence of any instructions in the proxy, also confers discretionary authority on any proxyholder other than the nominees of management named in the instrument of proxy with respect to the matters identified herein, amendments or variations to those matters, or any other matters which may properly be brought before the Meeting. To enable a proxyholder to exercise its discretionary authority a Shareholder must strike out the names of the nominees of management in the enclosed instrument of proxy and insert the name of its nominee in the space provided, and not specify a choice with respect to the matters to be acted upon. This will enable the proxyholder to exercise its discretion and vote on such matters in accordance with its best judgment.

At the time of printing this Circular, management of the Issuer is not aware that any amendments or variations to existing matters or new matters are to be presented for action at the Meeting.

Revocation of Proxies

A proxy may be revoked by:

- (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid.
- (b) signing and dating a written notice of revocation (in the same manner as the proxy is required to be executed, as set out in the notes to the proxy) and either delivering the same to Computershare Trust Company of Canada at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 Tel. (604) 661-9438 Fax (604) 661-9401, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.
- (c) attending the Meeting or any adjournment thereof and registering with the Scrutineer thereat as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked.
- (d) in any other manner provided by law.

Only registered Shareholders have the right to revoke a proxy. A Beneficial Shareholder who wishes to change its vote must, at least seven days before the Meeting, arrange for its Intermediary to revoke its proxy on its behalf.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders, as many Shareholders do not hold their Shares in their own name. Beneficial Shareholders should note that only proxies deposited by Shareholders appearing on the records maintained by the Issuer's transfer agent as registered Shareholders will be recognized and allowed to vote at the Meeting. If a Shareholder's Common Shares are listed in an account statement provided to the Shareholder by a broker, in all likelihood those shares are not registered in the Shareholder's name and that Shareholder is a Beneficial Shareholder. Such shares are most likely registered in the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms. Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the Meeting at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

In accordance with the requirements of National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer ("**NI 54-101**") of the Canadian Securities Administrators, the Issuer has distributed copies of the Notice of Meeting, this Circular and the instruments of proxy to the clearing agencies and Intermediaries for onward distribution to Beneficial Shareholders. Intermediaries are required to forward the Issuer's proxy solicitation materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them under NI 54-101. **The Issuer has determined not to pay for the distribution by Intermediaries of the Meeting Materials to holders who have advised the Intermediaries that they object to the disclosure of ownership information about the Beneficial Shareholder and such Beneficial Shareholders will not receive the Meeting Materials unless their Intermediary assumes the costs of such delivery.**

Regulatory policies require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The vast majority of Intermediaries now delegate responsibility for obtaining instructions from Beneficial Shareholders to ADP Investor Communications ("ADP") in Canada. ADP typically prepares a machine-readable Request for Voting Instructions ("VIF"), mails these VIFs to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to ADP, usually by way of mail, the Internet or telephone. ADP then

tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting by proxies for which ADP has solicited voting instructions. A Beneficial Shareholder who receives an ADP VIF cannot use that form to vote shares directly at the Meeting. The VIF must be returned to ADP (or instructions respecting the voting of shares must otherwise be communicated to ADP) well in advance of the Meeting in order to have the shares voted. If you have any questions respecting the voting of Common Shares held through an Intermediary, please contact that Intermediary for assistance.

The purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the Common Shares which they beneficially own. **A Beneficial Shareholder receiving a VIF cannot use that form to vote Common Shares directly at the Meeting. Beneficial Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.** Should a Beneficial Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on their behalf, the Beneficial Shareholder may request a legal proxy as set forth in the VIF, which will grant the Beneficial Shareholder or their nominee the right to attend and vote at the Meeting.

All references to Shareholders in this Circular and the accompanying instrument of proxy and Notice of Meeting are to Registered Shareholders unless specifically stated otherwise.

Record Date

Only Shareholders of record on the close of business on the 31st day of May 2021, who either personally attend the Meeting or who complete and deliver an instrument of proxy in *the manner and subject to the provisions set out under the heading "Appointment of Proxies" and "Revocation of Proxies"* will be entitled to have his or her Shares voted at the Meeting, or any adjournment or postponement thereof.

Indebtedness of Directors and Senior Officers

None of the directors or senior officers of the Issuer, no proposed nominee for election as a director of the Issuer, and no associates or affiliates of any of them, is or has been indebted to the Issuer or its subsidiaries at any time since the beginning of the Issuer's last completed financial year.

Interest of Certain Persons or Companies in Matters to be Acted Upon

In considering the recommendations of the Board to vote in favour of the matters discussed in this Circular, Shareholders should be aware that two of the directors of the Issuer have interests in the Transaction that are different from, or in addition to, the interests of the Shareholders generally or which present them with actual or potential conflicts of interest in connection with the Transaction. The Board was aware of these interests and considered them, along with other matters, in reach its decision to approve the Transaction and to recommend that Shareholders vote for the Change of Business Resolution. These interests relate to the fact that such directors, being Brayden Sutton and Thomas Joshua Taylor, will receive consideration pursuant to the Transaction in their capacity, directly or indirectly, as shareholders of the Target. The Transaction constitutes a Related Party Transaction as defined in MI 61-101, as described at *"Information Concerning the Transaction – Related Party Approvals"*.

Mr. Sutton is a director of the Issuer and holds 1,055,000 Common Shares and 200,000 Subscription Receipts, indirectly through Sutton Ventures Ltd. Mr. Sutton also holds directly, 85,000 Options. Mr. Sutton is also a director of the Target and a Target Shareholder and holds 5,000,000 Target Shares, representing 40% of the issued and outstanding Target Shares, indirectly through Sutton Ventures Ltd. Pursuant to the Acquisition Agreement, as consideration for Mr. Sutton's Target Shares, Mr. Sutton will receive 10,500,000 Payment Shares, of which will be submitted to escrow pursuant to the Escrow Agreement. Mr. Sutton will receive no other consideration in relation to the Transaction.

Mr. Taylor is a director of the Issuer and holds 213,976 Common Shares and 120,000 Subscription Receipts, directly. Mr. Taylor is also a director of the Target and a Target Shareholder and holds 5,000,000 Target Shares, representing 40% of the issued and outstanding Target Shares, indirectly through TJT Ventures Ltd. Pursuant to the Acquisition Agreement, as consideration for Mr. Taylor's Target Shares, Mr. Taylor will receive 10,500,000 Payment Shares, of which will be submitted to escrow pursuant to the Escrow Agreement. Mr. Sutton will receive no other consideration in relation to the Transaction.

Mr. Sutton and Mr. Taylor disclosed the nature and extent of a conflict or potential conflict of interest when the proposed Transaction was first discussed and confirmed they would be recusing themselves from participation in considering, negotiating and in voting on, matters related to the proposed Transaction.

Other than as disclosed elsewhere in this Circular or in their capacity as a Shareholder and being treated equally to all other Shareholders, none of the Directors or Senior Officers of the Issuer, no proposed nominee for election as a Director of the Issuer, none of the persons who have been Directors or Senior Officers of the Issuer since the commencement of the Issuer's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

Interest of Informed Persons in Material Transactions

For the purposes of this Circular, "informed person" means:

- (a) a director or executive officer of the Issuer;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Issuer;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Issuer or who exercises control or direction over voting securities of the Issuer, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Issuer, other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Issuer if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

Other than as disclosed elsewhere in this Circular or in their capacity as a Shareholder and being treated equally to all other Shareholders, no informed person, no proposed director of the Issuer and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of the Issuer's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Issuer or any of its subsidiaries.

Voting Shares Requisite Shareholder Approvals

The authorized capital of the Issuer consists of an unlimited number of Common Shares. Each Shareholder of record at the close of business on the Record Date will be entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof, in person or by proxy. As of the Record Date, the Issuer had 14,593,482 Common Shares issued and outstanding, each Common Share carrying the right to one vote. The Shareholders are entitled to one vote for each Common Share held.

A quorum at the Meeting will consist of at least two Shareholders present in person or represented by proxy.

In order to be effective, (i) pursuant to MI 61-101, the Change of Business Resolution must be passed by at least a majority of the votes cast by the Minority Shareholders present in person or represented by proxy at the Meeting,

(ii) pursuant to the policies of the TSXV, the Delisting Resolution must be passed by at least a majority of the votes cast by the Minority Shareholders present in person or represented by proxy at the Meeting and (iii) the Option Plan Resolution must be approved by a simple majority of the Shareholders present in person or represented by proxy at the Meeting.

Principal Shareholders

To the knowledge of the Directors and Senior Officers of the Issuer, only the following own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Issuer:

Name of Shareholder	Number of Common Shares	Percentage of Issued and Outstanding Common Shares
Karim Mohamedani	1,777,550	12.18%

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

Financial Statements

The financial statements of the Issuer for the financial year ended December 31, 2020 and the auditors' report thereon will be presented to the Meeting. A copy is available online at www.sedar.com.

Election of Director

Management intends to propose for adoption an ordinary resolution that the number of directors of the Issuer be fixed at four. If there are more nominees for election than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected until all such vacancies have been filled.

Each director of the Issuer is elected annually and holds office until the next Annual General Meeting of the Shareholders unless that person ceases to be a director before then. You can vote for all of these Directors, vote for some of them and withhold for others, or withhold for all of them. Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as Directors of the Issuer.

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Issuer, their respective principal occupations and the number of shares of the Issuer which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years	Director Since	Shares Beneficially Owned or Controlled
Brayden R. Sutton ⁽²⁾ British Columbia, Canada <i>Chief Executive Officer, President, Chairman of the Board and Director</i>	CEO of 1933 Industries Inc. from May 2017 to May 2019, Chairman of 1933 Industries from May 2019 to January 2020; Director of Business Development for Aurora Cannabis Inc. from 2015 to 2017;	November 15, 2018	1,055,000 ⁽³⁾
Thomas Joshua Taylor, ⁽²⁾ British Columbia, Canada <i>Director</i>	Director of Business Development of 1933 Industries Inc. from October 2018 to Present; Prior thereto, held sales and business development roles for CPG companies; co-founder of several cannabis initiatives	August 2, 2019	213,976 ⁽⁴⁾
Corey Larricq ⁽²⁾ British Columbia, Canada <i>Director</i>	Sole proprietor, auto glass repair and replacement from 2015 to Present,	January 3, 2019	141,667

(1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.

(2) Member of the Audit Committee.

(3) Brayden Sutton holds his 1,055,000 Common Shares indirectly through Sutton Ventures Ltd, a private company controlled by him. In addition to the Common Shares, Mr. Sutton also holds 85,000 Stock Options, directly and a further 200,000 Subscription Receipts indirectly through Sutton Ventures Ltd.

(4) In addition to the Common Shares held, Mr. Taylor also holds 120,000 Subscription Receipts directly.

Appointment of Auditor

Unless otherwise specified, the persons named in the enclosed instrument of proxy will vote for the reappointment of Smythe LLP, Chartered Professional Accountants, of Vancouver, B.C. as auditor of the Issuer for the ensuing year, at a remuneration to be fixed by the directors. Smythe LLP was first appointed auditor of the Issuer on January 21, 2021.

Proposed Change of Business

The Issuer and the Target and the Target Shareholders have entered into the Acquisition Agreement providing for the completion of the Transaction. At the Meeting, the Minority Shareholders will be asked to consider and, if deemed advisable, approve the Change of Business Resolution set forth in Schedule "D" hereto to approve the Transaction.

The Change of Business Resolution must receive Minority Approval. **It is the intention of the persons named in the enclosed proxy, in the absence of instructions to the contrary, to vote the proxy in favour of the Change of Business Resolution.**

Delisting from NEX

In order to allow for the completion of the Transaction and the listing of the Resulting Issuer Shares on the CSE, it is necessary for the Issuer to voluntarily delist its common shares from the NEX.

The delisting will not proceed unless all of the conditions to the completion of the Transaction, other than the delisting, have occurred, and will only proceed provided that the Shareholders have approved the Transaction. The delisting of the Common Shares would occur immediately prior to the completion of the Transaction.

At the Meeting, Shareholders will be asked to consider and, if thought fit, to pass with or without amendment, the Delisting Resolution, in the form set forth in Schedule "E" hereto:

In order to become effective, the Delisting Resolution must be approved by (ii) a simple majority of the votes cast on the Delisting Resolution by the Shareholders, present in person or represented by proxy, at the Meeting, and (ii) a majority of the Minority Shareholders obtained in accordance with the requirements of the TSXV, being at least a majority of the votes cast on the Delisting Resolution at the Meeting, excluding votes attached to Common Shares held by Excluded Persons, whether in person or by proxy.

Unless the shareholder has specified in the enclosed form of proxy that the shares represented by such proxy are to be voted against the Delisting Resolution, the persons named in the enclosed form of proxy will vote FOR the Delisting Resolution.

Approval of Stock Option Plan

Shareholders are being asked to confirm approval of the Stock Option Plan which was initially approved and adopted by the shareholders of the Issuer as of June 12, 2013. There have been no changes to the Stock Option Plan since it was adopted by the Issuer.

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting.

1. The maximum number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding common shares of the Company at the time of grant, the exercise price of which, as determined by the board of directors in its sole discretion, shall not be less than the closing price of the Company's shares traded through the facilities of the Exchange prior to the announcement of the option grant, or, if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.
2. The board of directors shall not grant options to any one person in any 12-month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.
3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding five years from the date on which the board of directors grant and announce the granting of the option.

4. If the option holder ceases to be a director of the Company or ceases to be employed by the Company (other than by reason of death), or ceases to be a consultant of the Company as the case may be, then the option granted shall expire on a date stipulated by the Board at its discretion and, in any event, must terminate no later than the 90th day following the date that the option holder ceases to be a director, ceases to be employed by the Company or ceases to be a consultant of the Company, subject to the terms and conditions set out in the Stock Option Plan.

In accordance with the policies of the TSXV, a plan with a rolling 10% maximum must be confirmed by shareholders at each annual general meeting. In the event that the Transaction does not complete and the Company remains listed on NEX, it must continue to meet this requirement.

The full text of the Stock Option Plan is available for review by any Shareholder up until the day preceding the Meeting at the Issuer's registered and records offices at 2080 – 777 Hornby Street, Vancouver, British Columbia and a copy will be available at the Meeting.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, approve with or without variation the following resolution:

“BE IT RESOLVED THAT the Stock Option Plan is hereby approved and confirmed.”

The Board recommends that Shareholders vote in favour of the Option Plan Resolution at the Meeting. To be effective, the Option Plan Resolution must be approved by not less than a majority of the votes cast by Shareholders who vote in respect thereof, in person or by proxy, at the Meeting. Unless otherwise indicated, the persons designated as proxy holders in the accompanying proxy will vote the Common Shares represented by such proxy for the Option Plan Resolution.

INFORMATION CONCERNING THE TRANSACTION

Purpose of Transaction

The Transaction constitutes a “fundamental change” of the Issuer under the CSE policies and, if completed, will result in the change of the Issuer's business from that of an inactive issuer to that of an industrial issuer in the cannabis industry. Notwithstanding the approval of the Change of Business Resolution at the Meeting, the completion of the Transactions will be subject to the approval of the CSE.

Shareholders should review this Circular in its entirety, in particular, the disclosure at Schedules “B” *Information Concerning the Target* and “C” *Information Concerning the Resulting Issuer* and the terms of the Acquisition Agreement, for a more complete understanding of the particulars of the Transaction and its expected effect on the Issuer and the Resulting Issuer. The Acquisition Agreement has been filed under the Issuer's profile on SEDAR at www.sedar.com.

Description of the Transaction

The parties to the Transaction are the Issuer, the Target and the Target Shareholders. The Transaction is a Related Party Transaction for the purposes of MI 61-101 as Mr. Sutton and Mr. Taylor, who are directors of the Issuer, each hold, indirectly, 40.00% of the issued and outstanding Target Shares.

The Transaction will result in Reverse Takeover of the Issuer by the Target and the acquisition of all of the issued and outstanding Target Shares from the Target Shareholders

Pursuant to the provisions of the Acquisition Agreement, the Issuer will acquire all of the issued and outstanding securities of the Target, being 12,500,000 Target Shares, from their holders in exchange for the issuance of the Payment Shares. The Payment Shares will be distributed to the security holders of the Issuer pro rata on the basis

of 2.1 Payment Shares for each Target Share held. All of the Payment Shares issuable will be held by Principals or their Associates and subject to the Escrow Agreement as a result.

The completion of the Transaction is subject to several conditions precedent, including the completion of the Financing, the Transaction having been approved by the Shareholders, and receipt of the approval of the CSE for the Transaction.

Acquisition Agreement

The Transaction will be effected in accordance with the Acquisition Agreement, which has been filed by the Issuer on SEDAR at www.sedar.com as material documents. The description of the Acquisition Agreement, both below and elsewhere in this Circular is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Acquisition Agreement, which is incorporated by reference herein.

Representations and Warranties

The Acquisition Agreement contains representations and warranties made by each of the Issuer and the Target. The assertions embodied in those representations and warranties are solely for the purposes of the Acquisition Agreement and may be subject to important qualifications, limitations and exceptions agreed to by the parties in connection with negotiating its terms and as set out in the disclosure letters delivered in connection with the Acquisition Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are qualified by certain disclosure provided by the Parties or are subject to a standard of materiality or are qualified by a reference to the concept of a “material adverse event” or a “material adverse change” (which concepts are defined in the Acquisition Agreement and in some respects are different from the materiality standards generally applicable under securities laws). Therefore, Shareholders should not rely on the representations and warranties as statements of factual information at the time they were made or otherwise.

The Acquisition Agreement contains representations and warranties of the Parties relating to certain matters including, among other things: incorporation and qualification; ownership of subsidiaries; absence of conflict with or violation of constating documents, agreements or applicable laws; authority to execute and deliver the Acquisition Agreement and perform its obligations under the Acquisition Agreement; due authorization and enforceability of the Acquisition Agreement; composition of share capital; options or other rights for the purchase of securities; indebtedness; receipt of all required consents and approvals; financial statements; records, accounts, minute books and corporate records; material contracts; permits and licenses; employment matters; compliance with laws, including environmental laws; absence of adverse litigation, judgment or order; absence of undisclosed liabilities; absence of adverse material change; taxation matters; intellectual property matters; reporting issuer and listing status; and matters related to the Transaction.

Conditions to the Transaction

The respective obligations of the Target and the Issuer to complete the transactions contemplated by the Acquisition Agreement are subject to a number of conditions which must be satisfied or waived in order for the Transaction to become effective, which conditions are summarized below. There is no assurance that these conditions will be satisfied or waived on a timely basis. Unless all of the conditions are satisfied or waived, the Transaction will not proceed.

Conditions for the Benefit of the Target

The obligation of the Target to complete the transactions contemplated by the Acquisition Agreement is subject to the fulfillment or waiver of the following additional conditions, as set forth in the Acquisition Agreement, at or before the Closing Date or such other time as is specified below, including, but not limited to:

- (a) the representations and warranties made by the Issuer in the Acquisition Agreement shall be true and correct as of the date of the Acquisition Agreement and as of the Closing Date as if made on and as of the Closing Date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date);
- (b) the Issuer shall have complied in all material respects with its covenants contained in the Acquisition Agreement;
- (c) the Financing shall have completed;
- (d) there being no legal proceedings against or pending or threatened against the Issuer;
- (e) there being no prohibition at law against the consummation of the Acquisition Agreement or the Transaction; and
- (f) the Issuer shall have received any approval or consents required from governmental entities including the CSE.

Conditions for the Benefit of the Issuer

The obligation of the Issuer to complete the transactions contemplated by the Acquisition Agreement is subject to the fulfillment or waiver of the following addition conditions, as set forth in the Acquisition Agreement, at or before the Closing Date or such other time specified below, including, but not limited to:

- (a) the representations and warranties made by the Target in the Acquisition Agreement shall be true and correct as of the date of the Acquisition Agreement and as of the Closing Date as if made on and as of the Closing Date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date);
- (b) the Purchaser having reasonable opportunity to conduct and be satisfied with the results due diligence regarding the Target
- (c) the Target shall have complied in all material respects with its covenants contained in the Acquisition Agreement;
- (d) there being no outstanding encumbrances upon the Target Shares;
- (e) the Financing shall have completed;
- (f) there being no legal proceedings against or pending or threatened against the Target;
- (g) there being no prohibition at law against the consummation of the Acquisition Agreement or the Transaction; and
- (h) the Issuer shall have received any approval or consents required from governmental entities or otherwise including the CSE and the approval of the Shareholders.

Covenants

Covenants of the Issuer

The Issuer has agreed with the Target that it will, among other things:

- (a) provide the Target with access to all information relating to the financial condition, business, properties and affairs of the Issuer;
- (b) carry on its business in the ordinary course and consistent with past practice;
- (c) maintain its books and records in the usual, regular and ordinary manner, consistent with past practices;
- (d) all such things necessary to ensure its representations and warranties within the Acquisition Agreement remain true and correct;
- (e) Other than as required to give effect to the Transactions contemplated by the Acquisition Agreement or as permitted by the Acquisition Agreement, not do any of the following prior to the Closing Date, without the prior written consent of the Target Shareholders, which consent shall not be unreasonable withheld):
 - (i) merge, amalgamate, consolidate or enter into any other corporate reorganization with any other person or transaction which interferes with or is inconsistent with the Transaction, and will not, allot, reserve, set aside issue, sell, pledge, hypothecate, lease, dispose of or encumber any shares of any class or other securities or any right, option, call, or warrant with respect thereto or enter into any agreements for the future issuance of securities, other than pursuant to the exercise of existing Options and Warrants, the grant of additional Options or in relation to the Financing ;
 - (ii) split, combine, reclassify any of its securities or make any distributions related to its securities;
 - (iii) amend or alter its constating documents, other than in relation to the Name Change;
 - (iv) engage in any business, enterprise or other activity different from that carried on by it at the date of the Acquisition Agreement or enter into any transaction or incur (except in respect of obligations or liabilities to which it is already legally subject) any obligation, expenditure or liability other than obligations, expenditures and liabilities relating to the maintenance of its corporate existence and listed status on the CSE or reasonable costs incurred in connection with the Closing and the Financing
 - (v) enter into or amend any employment or consulting agreements or service contracts with any director, officer, employee or consultant or create or amend any employee benefit plan, or otherwise make any changes in compensation, bonuses, fees or benefits to such directors, officers, employees or consultants;
 - (vi) make any capital expenditures, additions or improvements or commitments for the same which individually or in the aggregate exceed ten thousand dollars (\$10,000);
 - (vii) make any loan or advance to any Person or guarantee the payment of any indebtedness of another person;
 - (viii) acquire or agree to acquire any person or other business organization or division or acquire or agree to acquire any material assets;

- (ix) enter into, renegotiate, amend, modify, fail to renew or terminate any material agreements or waive, release, assign, grant or transfer any material right or claim thereunder;
- (x) create or amend any stock option, bonus or other compensation plan, pay any bonuses or make any awards of cash, stock or other, deferred or otherwise, grant any stock options, or defer any compensation to any of its directors or officers;
- (xi) make any material change in accounting procedures or practices;
- (xii) enter into any related party transaction;
- (xiii) mortgage, pledge or hypothecate any of its assets or subject any of its assets to any encumbrance;
- (xiv) discharge, satisfy or pay any encumbrance of any kind whatsoever other than current liabilities in the ordinary course of business;
- (xv) other than in the ordinary course of business, enter into any agreement or arrangement granting any rights to purchase or lease any of its assets or rights or requiring the consent of any person to the transfer, assignment or lease of any such assets or rights;
- (xvi) dispose, sell, lease, sublease, assign or transfer (by tender offer, exchange offer, merger, amalgamation, sale of shares or assets or otherwise) any of its assets;
- (xvii) enter into any agreement resulting in a change of control of the Issuer;
- (xviii) settle any outstanding proceeding; or
- (xix) enter into any agreement or understanding to do any of the foregoing.

Covenants of the Target

The Target has agreed with the Issuer that it will, among other things:

- (a) provide the Issuer with access to all information relating to the financial condition, business, properties and affairs of the Target;
- (b) carry on its business in the ordinary course and consistent with past practice;
- (c) maintain its books and records in the usual, regular and ordinary manner, consistent with past practices;
- (d) maintain its payables and other liabilities at levels consistent with past practice and pay all required taxes and maintain its assets in current state of repair and condition;
- (e) all such things necessary to ensure its representations and warranties within the Acquisition Agreement remain true and correct;
- (f) Other than as required to give effect to the Transactions contemplated by the Acquisition Agreement or as permitted by the Acquisition Agreement, not do any of the following prior to the Closing Date, without the prior written consent of the Issuer, which consent shall not be unreasonable withheld):
 - (i) merge, amalgamate, consolidate or enter into any other corporate reorganization with any other person or transaction which interferes with or is inconsistent with the Transaction, and will not,

allot, reserve, set aside issue, sell, pledge, hypothecate, lease, dispose of or encumber any shares of any class or other securities or any right, option, call, or warrant with respect thereto or enter into any agreements for the future issuance of securities;

- (ii) split, combine, reclassify any of its securities or make any distributions related to its securities;
- (iii) amend or alter its constating documents;
- (iv) engage in any business, enterprise or other activity different from that carried on by it at the date of the Acquisition Agreement;
- (v) enter into or amend any employment or consulting agreements or service contracts with any director, officer, employee or consultant or create or amend any employee benefit plan, or otherwise make any changes in compensation, bonuses, fees or benefits to such directors, officers, employees or consultants;
- (vi) make any capital expenditures, additions or improvements or commitments for the same which individually or in the aggregate exceed ten thousand dollars (\$10,000);
- (vii) make any loan or advance to any person or guarantee the payment of any indebtedness of another person;
- (viii) acquire or agree to acquire any person or other business organization or division or acquire or agree to acquire any material assets;
- (ix) enter into, renegotiate, amend, modify, fail to renew or terminate any material agreements or waive, release, assign, grant or transfer any material right or claim thereunder;
- (x) create or amend any stock option, bonus or other compensation plan, pay any bonuses or make any awards of cash, stock or other, deferred or otherwise, grant any stock options, or defer any compensation to any of its directors or officers;
- (xi) make any material change in accounting procedures or practices;
- (xii) enter into any related party transaction;
- (xiii) mortgage, pledge or hypothecate any of its assets or subject any of its assets to any encumbrance;
- (xiv) discharge, satisfy or pay any encumbrance of any kind whatsoever other than current liabilities in the ordinary course of business;
- (xv) other than in the ordinary course of business, enter into any agreement or arrangement granting any rights to purchase or lease any of its assets or rights or requiring the consent of any person to the transfer, assignment or lease of any such assets or rights;
- (xvi) dispose, sell, lease, sublease, assign or transfer (by tender offer, exchange offer, merger, amalgamation, sale of shares or assets or otherwise) any of its assets;
- (xvii) enter into any agreement resulting in a change of control of the Issuer;
- (xviii) settle any outstanding proceeding; or
- (xix) enter into any agreement or understanding to do any of the foregoing.

Standstill

The Parties have agreed that they will not, and will not permit any of their respective directors, officers, employees or agents, to directly or indirectly, solicit, initiate, assist, facilitate, promote or encourage proposals or offers from, entertain or enter into discussions or negotiations with, or provide information relating to the securities, business, operations, affairs or financial condition of the Target or the Issuer to any persons in connection with the acquisition or distribution of any securities of the Target or the Issuer, or any amalgamation, merger, consolidation, arrangement, restructuring, refinancing, sale of any material assets of the Target or the Issuer, unless such action, matter or transaction is part of the transactions contemplated in the Acquisition Agreement (including without limitation the Financing) or is satisfactory to, and is approved in writing in advance by the Target and the Issuer or is necessary to carry on the normal course of business, always subject to a Party's fiduciary duties at law.

Termination

The Acquisition Agreement may, prior to the Closing Date, be terminated, in certain circumstance, including:

- (a) by mutual written agreement by the Parties;
- (b) by either Party by providing written notice to the other Party in the event that the Closing Date does not occur on or before 5:00 p.m. (Vancouver time) on or before December 31, 2021 or such later date as the Parties may agree in writing (provided that this right of termination shall not be available to any Party where failure to fulfill any of its obligations under the Acquisition Agreement has been the cause of or resulted in the failure to consummate the transactions contemplated hereby by such date);
- (c) by either Party by providing written notice to the other Party in the event that any of the conditions precedent set forth in the Acquisition Agreement for the benefit of such Party have not been fulfilled or waived at a prior to Closing (provided that this right of termination shall not be available to any Party where failure to fulfill any of its obligations under the Acquisition Agreement has been the cause of or resulted in the failure of such condition precedent being satisfied);
- (d) by either Party by providing written notice to the other Party in the event that any governmental entity has notified in writing any of the Parties that it will not permit the Transaction, the Financing or the transactions contemplated by the Acquisition Agreement to proceed; or
- (e) By either Party by providing written notice to the other Party in the event that there has been a material misrepresentation, breach or non-performance by the other Party of any material representation, warranty, covenant or obligation contained in the Acquisition Agreement, which could reasonably be expected to have a material adverse effect on the other Party, provided the breaching Party has been given notice of and fourteen (14) days in which to cure any such misrepresentation, breach or non-performance.

Expenses

All expenses incurred in connection with the Acquisition Agreement and the transactions contemplated thereby shall be paid by the Party incurring such expense

Background to the Transaction

In late December, the Issuer and the Target began discussing a potential transaction. In early February, the Parties began negotiating the Letter Agreement, which was executed on February 7, 2021. On February 15, 2021, the Board established a special committee, comprised of independent director Corey Larricq to consider and review the Transaction. On June 21, 2021, following a recommendation of the special committee, the Board, with Mr.

Taylor and Mr. Sutton abstaining, approved the Acquisition Agreement and the Acquisition Agreement was executed by the Parties. The special committee reviewed the Transaction, the Financing, the Valuation Report and considered the Acquisition Agreement.

Valuation Report

In deciding to approve the Acquisition Agreement and the terms of the Transaction, the Board considered, among other things the Valuation Report. The Valuation Report was prepared by Ernest Bednarz of Malahat Valuation Group and provides a fair market value for the Target as at December 2, 2020. Mr. Bednarz is a Chartered Business Valuator.

The Valuation Report expresses no opinion as to the expected trading price of the Resulting Issuer Shares (assuming completion of the Transaction) and was prepared prior to negotiations for the Transaction commencing. The Valuation Report is not and should be construed as a valuation of the Issuer or its securities or as a recommendation to any Shareholder to vote in favor of the Change of Business Resolution.

Neither Malahat Valuation Group nor any of its affiliates is an insider, associate or affiliate (as such terms are defined in the *Securities Act* (British Columbia)) of the Issuer or the Target or any of their respective associates or affiliates. Malahat Valuation Group was paid a fixed fee upon delivery of the Valuation Report to the Target, which was not contingent upon completion of the Transaction and occurred prior to the negotiations for the Transaction.

The services of Malahat Valuation Group were retained by the Target in contemplation of a transaction, including the Transaction. Pursuant to the engagement, Malahat Valuation Group delivered a Valuation Report dated December 21, 2020 to the Target as to the fair market value of the Target as at December 2, 2020 (the "Valuation Date"). Malahat Valuation Group has expressed no opinion, nor was Malahat Valuation Group requested to, as to the expected trading price of the Resulting Issuer (assuming completion of the Transaction). The Valuation Report was prepared exclusively for the Target and may not be relied upon by any other person or for any other purpose or published or disclosed to any other person, relied upon by any other person or used for any other purpose without Malahat Valuation Group's express written consent.

A summary of the comprehensive Valuation Report is as follows, which is derived directly from the comprehensive Valuation Report:

Conditions of the Valuation Report

The Valuation Report is not issued to any stock exchange or regulatory authority and may not be used or relied upon in any legal proceeding and or court matter.

Value Conclusion

Having regards to the assumptions, scope of review, restrictions, and qualification noted in the Valuation Report, the author of the Valuation Report concluded the en bloc FMV of the Target as at December 2, 2020 to be in the range of \$7,900,000 to \$8,700,000. This approximate value range was determined using an Earnings Approach using a management prepared forecast based on what the business can earn.

Scope of Review

In preparing the Valuation Report, the author thereof relied upon the following:

- representations made the Target Shareholders;
- unaudited Proforma five-year financial forecast prepared by management of the Target.
- interviews with the directors of the Target and certain of its advisors.
- management list of product categories, retail penetration rates and unit sales.
- the Target's business plan.
- The Target's constating documents;
- The Target's applications and supporting documents.
- joint venture manufacturing and distribution agreements with Black Rose and Habitat;
- the Target's pitch deck and investor presentation slides.

The author of the Valuation Report relied on the statements of management without independent verification. The author discussed with management of the Target the future operations of the Target, useful lives of existing assets along with their replacement costs, the ability to sustain exiting revenue levels, and future growth opportunities.

Assumptions

In preparing the Valuation Report the author has, in addition to the assumptions noted elsewhere therein, made the following assumptions:

- At the Valuation Date, no specific special purchaser(s) were identified that would pay a premium to purchase the Target shares and/or assets.
- Representations by management that there are no partnership agreements in place at the Target or any related companies with respect to the sale and/or purchase or any other conditions that may have an impact on any conclusions made in the Valuation Report.
- The Target has no contingent liabilities, unusual contractual obligations, or substantial commitments, other than in the ordinary course of business.
- The Target has no litigation pending or threatened. All contracts governing the operation of the Target have been disclosed and that these agreements are legal and binding.
- There are no verbal agreements contradicting the written agreements that would have a significant impact on other assumptions, calculations, or conclusions in the Valuation Report.
- There were no contracts being negotiated at the current date which might have a material effect on the future operating results of the Target that have not been noted in the Valuation Report.
- There are no Canada Revenue Agency, WorkSafe BC, or any other regulatory issues or obligations that would have a material effect on the financial position of the Target.

Basis of Valuation

In general, there are three basic approaches to estimating value, being the earning-based approach, the asset based approach and the market based approach.

Earnings-based methods are predicated on the idea that a business's value lies in its ability to generate earnings or cash flows. This valuation method determines the business value based on its income-producing capacity, the consistency, and the risk associated with those earnings. These future earnings or cash flows are converted to a single present amount (discounted to present day dollars). There are several variations of this approach such as the capitalized earnings approach, the capitalized cash flow approach, and the discounted cash flow approach. These methods seek to arrive at a business value by applying a multiple or capitalization rate to normalized earnings. The capitalization rate can vary substantially, depending upon the industry, the economy, the outlook for the business, and its associated risk factors.

The underlying concept is to determine an amount that a purchaser is willing to pay today for an anticipated earnings or cash-flow stream to be realized in the future.

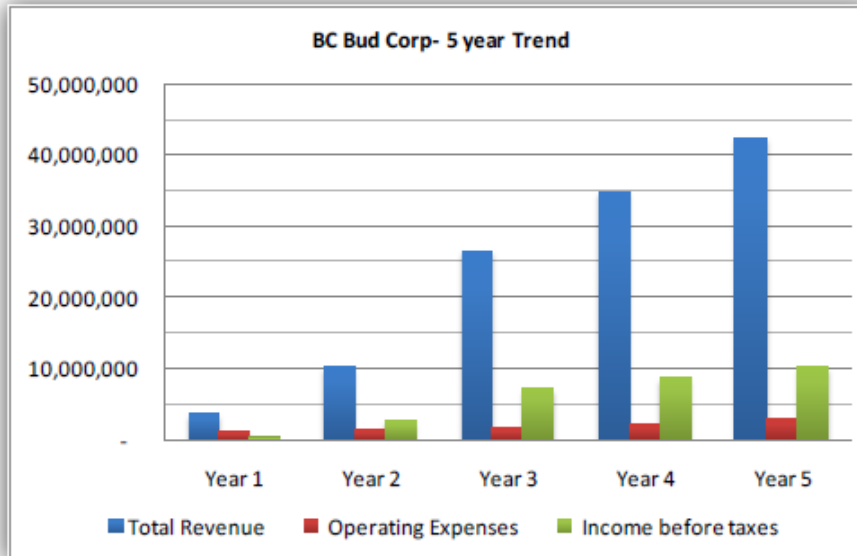
Given that the Target is a pre-revenue start-up company with no established revenues, the Earnings-Based Approach to determine the fair market value based on management-prepared best estimate forecast is most appropriate. More specifically the author used a Discounted Cash Flow (DCF) methodology based on management prepared five-year Pro-forma financial forecast. In reviewing the Market Approach, the author considered using the Guideline Public Company Method, however, the challenge in using such a method in respect to the Target was the lack of historical revenues and the uncertainty with respect to the timing and amount of short and long-term revenues. However, the author made efforts to corroborate the reasonableness of its primary value conclusion using industry established rules of thumb and precedent market transaction metrics that were available at the Valuation Date.

Valuation Approach**Pro Forma Five-Year Income Statement Summary**

Earnings Approach uses the best estimate of the after-tax cash flows that can be reasonably expected. The author applied a Discounted Cash Flow Approach to forecasted normalized earnings to arrive at the En Bloc Fair Market Value of Equity.

BCBC Proforma 5-year Statement of Income Summary

	Year 1	Year 2	Year 3	Year 4	Year 5	Average
Total Revenue	3,557,659	10,225,005	26,428,067	34,949,944	42,403,323	\$ 23,512,800
COST OF SALES	2,293,257	6,432,310	17,754,719	24,291,207	29,515,675	\$ 16,057,434
Gross Profit	1,264,402	3,792,695	8,673,348	10,658,737	12,887,649	\$ 7,455,366
	36%	37%	33%	30%	30%	33%
Operating Expenses	923,000	1,161,000	1,490,000	1,973,000	2,796,000	\$ 1,668,600
% of revenue	26%	11%	6%	6%	7%	11%
Income before taxes	308,069	2,598,361	7,150,014	8,652,403	10,058,316	\$ 5,753,433
	9%	25%	27%	25%	24%	22%
Revenue Growth Rate		187%	158%	32%	21%	100%
Expense Growth		26%	28%	32%	42%	32%
Income Growth		743%	175%	21%	16%	238%



	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
Revenues										
Flower 3.5g	\$ 393,566	11%	\$ 1,080,577	11%	\$ 2,942,294	11%	\$ 3,437,016	10%	\$ 4,202,533	10%
Flower Pre-roll 1.5 - 2.0g	\$ 399,930	11%	\$ 1,098,050	11%	\$ 2,989,872	11%	\$ 3,492,593	10%	\$ 4,270,489	10%
Vape Cartridges	\$ 401,940	11%	\$ 1,103,568	11%	\$ 3,004,896	11%	\$ 3,510,144	10%	\$ 4,291,949	10%
Beverages	\$ 323,880	9%	\$ 1,143,456	11%	\$ 1,669,978	6%	\$ 1,832,189	5%	\$ 2,172,566	5%
CanaBean - Rec	\$ 217,718	6%	\$ 693,054	7%	\$ 1,028,778	4%	\$ 1,281,402	4%	\$ 1,459,236	3%
CanaBean - Medical	\$ 298,125	8%	\$ 1,117,500	11%	\$ 1,496,250	6%	\$ 1,785,000	5%	\$ 2,073,750	5%
Hash	\$ 761,250	21%	\$ 1,994,400	20%	\$ 6,648,000	25%	\$ 9,805,800	28%	\$11,966,400	28%
Rosin	\$ 761,250	21%	\$ 1,994,400	20%	\$ 6,648,000	25%	\$ 9,805,800	28%	\$11,966,400	28%
Total Revenues	\$ 3,557,659	100%	\$10,225,005	100%	\$26,428,067	100%	\$34,949,944	100%	\$42,403,323	100%
Cost of Goods Sold										
Flower 3.5g	\$ 286,215	73%	\$ 785,832	73%	\$ 2,139,736	73%	\$ 2,499,515	73%	\$ 3,056,225	73%
Flower Pre-roll 1.5 - 2.0g	\$ 159,570	40%	\$ 438,116	40%	\$ 1,192,944	40%	\$ 1,393,527	40%	\$ 1,703,904	40%
Vape Cartridges	\$ 100,485	25%	\$ 275,892	25%	\$ 751,224	25%	\$ 877,536	25%	\$ 1,072,987	25%
Beverages	\$ 177,486	55%	\$ 626,614	55%	\$ 915,148	55%	\$ 1,004,039	55%	\$ 1,190,566	55%
CanaBean - Rec	\$ 145,145	67%	\$ 462,036	67%	\$ 685,852	67%	\$ 854,268	67%	\$ 972,824	67%
CanaBean - Medical	\$ 99,375	33%	\$ 372,500	33%	\$ 498,750	33%	\$ 595,000	33%	\$ 691,250	33%
Hash	\$ 662,491	87%	\$ 1,735,660	87%	\$ 5,785,533	87%	\$ 8,533,661	87%	\$10,413,959	87%

	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
Rosin	\$ 662,491	87%	\$ 1,735,660	87%	\$ 5,785,533	87%	\$ 8,533,661	87%	\$10,413,959	87%
Total Cost of Goods Sold	\$ 2,293,257	64%	\$ 6,432,310	63%	\$17,754,719	67%	\$24,291,207	70%	\$29,515,675	70%
Gross Profit	\$ 1,264,402	36%	\$ 3,792,695	37%	\$ 8,673,348	33%	\$10,658,737	30%	\$12,887,649	30%
Operating Expenses										
Marketing	\$ 280,000	7.9%	\$ 350,000	3.4%	\$ 500,000	1.9%	\$ 700,000	2.0%	\$ 1,000,000	2.4%
Equipment	\$ 120,000	3.4%	\$ 100,000	1.0%	\$ 100,000	0.4%	\$ 100,000	0.3%	\$ 150,000	0.4%
R&D	\$ 50,000	1.4%	\$ 75,000	0.7%	\$ 100,000	0.4%	\$ 150,000	0.4%	\$ 200,000	0.5%
Travel	\$ 50,000	1.4%	\$ 75,000	0.7%	\$ 100,000	0.4%	\$ 150,000	0.4%	\$ 200,000	0.5%
Materials	\$ 50,000	1.4%	\$ 70,000	0.7%	\$ 100,000	0.4%	\$ 100,000	0.3%	\$ 150,000	0.4%
Mortgage / Rent	\$ 36,000	1.0%	\$ 36,000	0.4%	\$ 60,000	0.2%	\$ 60,000	0.2%	\$ 96,000	0.2%
Salary	\$ 228,000	6.4%	\$ 300,000	2.9%	\$ 372,000	1.4%	\$ 500,000	1.4%	\$ 750,000	1.8%
Utilities	\$ 12,000	0.3%	\$ 15,000	0.1%	\$ 15,000	0.1%	\$ 20,000	0.1%	\$ 25,000	0.1%
Insurance	\$ 12,000	0.3%	\$ 12,000	0.1%	\$ 12,000	0.0%	\$ 20,000	0.1%	\$ 30,000	0.1%
Legal & Accounting	\$ 50,000	1.4%	\$ 75,000	0.7%	\$ 75,000	0.3%	\$ 100,000	0.3%	\$ 100,000	0.2%
Telephone	\$ 6,000	0.2%	\$ 7,000	0.1%	\$ 10,000	0.0%	\$ 15,000	0.0%	\$ 20,000	0.0%

	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
Software	\$ 5,000	0.1%	\$ 10,000	0.1%	\$ 10,000	0.0%	\$ 10,000	0.0%	\$ 15,000	0.0%
Admin	\$ 24,000	0.7%	\$ 36,000	0.4%	\$ 36,000	0.1%	\$ 48,000	0.1%	\$ 60,000	0.1%
Total Operating Expenses	\$ 923,000	25.9%	\$ 1,161,000	11.4%	\$ 1,490,000	5.6%	\$ 1,973,000	5.6%	\$ 2,796,000	6.6%
Operating Income (EBITDA)	\$ 341,402	9.6%	\$ 2,631,695	25.7%	\$ 7,183,348	27.2%	\$ 8,685,737	24.9%	\$10,091,649	23.8%
Depreciation	\$ 33,333	0.9%	\$ 33,333	0.3%	\$ 33,333	0.1%	\$ 33,333	0.1%	\$ 33,333	0.1%
Interests	\$ -		\$ -		\$ -		\$ -		\$ -	
Pre-tax Income	\$ 308,069	9%	\$ 2,598,361	25%	\$ 7,150,014	27%	\$ 9,217,302	25%	\$11,727,009	24%
Income Tax	\$ 83,179		\$ 701,558		\$ 1,930,504		\$ 2,488,672		\$ 3,166,292	
Net Income	\$ 224,890	6%	\$ 1,896,804	19%	\$ 5,219,511	20%	\$ 6,728,631	19%	\$ 8,560,717	20%

Annual Unit Sales Summary:

Annual Unit Sales by Product										
Product Category	Year 1		Year 2		Year 3		Year 4		Year 5	
	Units	Growth	Units	Growth	Units	Growth	Units	Growth	Units	Growth
Flower 3.5g	16,748	100%	45,982	175%	125,204	172%	146,256	17%	178,831	22%
Flower Pre-roll 1.5 - 2.0g	40,194	100%	110,357	175%	300,490	172%	351,014	17%	429,195	22%
Vape Cartridges	16,748	100%	45,982	175%	125,204	172%	146,256	17%	178,831	22%
Beverages	64,776	100%	228,691	253%	333,996	46%	366,438	10%	434,513	19%
CanaBean - Rec	58,058	100%	184,814	218%	274,341	48%	341,707	25%	389,130	14%
CanaBean - Medical	39,750	100%	149,000	275%	199,500	34%	238,000	19%	276,500	16%
Hash	10,150	100%	26,592	162%	88,640	233%	130,744	48%	159,552	22%
Rosin	10,150	100%	26,592	162%	88,640	233%	130,744	48%	159,552	22%

Revenue projections are based on detailed monthly retail store penetration rates as shown in the Valuation Report. Store count is assumed to remain static through the forecast period.

Operating Expenses notes:

Costs of Goods Sold vary by product category and are based on estimates provided by manufacturing and tolling partners.

1. Marketing spend is estimated at \$70,000 per brand per province Year 1-3 (based on agreement with Black Rose) and proportionate to annual revenue in Years 4 and 5 as follows:
 - o Yr 1 - \$280,000
 - o Yr 2 - \$350,000
 - o Yr 3 - \$350,000 plus promo of \$150,000
 - o Yr 4 - Proportionate to revenue growth
 - o Yr 5 - Proportionate to revenue growth
2. Equipment purchases Year 1 - Solventless and CannaBean
 - o Yr 1 - Solventless & Canna Bean
 - o Yrs 2 to 5 - expansion of existing equipment and replacement of wearable parts
3. Travel proportionate to store penetration rates and expected travel demands.
4. Materials include R&D, new partner development/start-up costs, and sample product selection.
5. Salary expense is based on \$36,000 per sales agent, \$60,000 per management position, HR requirement expectations are as follows:
 - o Yr 1 - 3 sales agents, 2 management
 - o Yr 2 - 5 sales agents, 2 management
 - o Yr 3 - 7 sales agents, 2 management

- Yr 4 - 7 sales agents, 6 management
 - Yr 5 - 7 sales agents, 6 management, 3 others @ \$50,000
6. Gross profit ranges between 30% and 36% of revenues with an average of 33% over the forecast period.
 7. Average operating expenses are 11% of revenues for the forecast period ranging from a high of 26% to a low of 6.6% in Yr 5.
 8. Income before tax ranges from a low of 9% to 27% of revenues with an average of 22% over the forecast period

5-Year Forecasted Cash Flow

Forecasted Cash Flow						
	Forecast					
	2021	2022	2023	2024	2025	Terminal
Net Income b/tax	308,069	2,598,361	7,150,014	8,652,403	10,058,316	-
Amortization	33,333	33,333	33,333	33,333	33,333	-
Interest expense	-	-	-	-	-	-
EBITDA	341,402	2,631,695	7,183,348	8,685,737	10,091,649	10,394,398
<i>Normalizing adjustments</i>						
Owners salary	-	-	-	-	-	-
Normalized EBITDA	341,402	2,631,695	7,183,348	8,685,737	10,091,649	10,394,398
<i>Normalized EBITDA as a % of revenues</i>	9.6%	26.7%	27.2%	24.9%	23.6%	
less: Taxes	(37,600)	(630,600)	(1,859,500)	(2,265,100)	(2,644,700)	(2,726,500) (1)
less: sustaining capex	(120,000)	(100,000)	(100,000)	(100,000)	(150,000)	(125,000) (2)
add: PV of Tax Shield	10,900	9,100	9,100	9,100	13,700	11,400 (3)
+/- Change in Working Capital	-	-	-	-	-	- (4)
After Tax Cash Flow	194,702	1,910,195	5,232,948	6,329,737	7,310,649	7,554,298

1. Taxes are estimated at the current general business rate of 27% in British Columbia.
2. Annual sustaining capital expenditure is estimated between \$100,000 and \$125,000 per year; this includes the capital expenditure for equipment and machinery.
3. Tax-shield on CAPEX, this is the tax savings that are anticipated on the sustaining capital expenditure.
4. Based on the forecast, we assume the Company will be earning sufficient free cash to support its working capital requirements without requiring additional capital injections.

Discount Rate

A discount rate represents the total expected rate of return that a prospective buyer or investor would demand on future anticipated economic benefits to be received based on the purchase of an ownership interest in an asset or security, given the perceived risk inherent in that particular asset or security to actually receive the economic benefits in the amounts and timeframes expected. The discount rate is referred to as the Cost of Equity or the Weighted Average Cost of Capital. An appropriate discount rate was selected after taking into consideration the following factors:

The basic formula for the Build-up Model is the following: $E(R_i) = R_f + R_{Pm} + R_{Ps} +/- R_{Pi} + R_{Pu}$

Where:

$E(R_i)$ = Expected rate of return on a security in the marketplace

Rf = Rate of return for a risk-free security as of the valuation date

RPm = Equity risk premium for securities sold in the open market

RPs = Risk premium for small size equities traded in the open market

RPi = Industry Risk Premium

RPu = Unsystematic risk related to the specific security interest (Company Risk Premium)

Risk-Free Rate of Return (Rf)

The risk-free rate is the return an investor can expect to receive on a totally risk-free asset. The risk-free rate normally used is the prevailing yield to maturity on long-term federal government bonds. The risk-free rate of return plays an important role in modern portfolio theory which argues that the risk-free rate of return is the minimum return investors will accept on their investment. As compensation for higher risk, investors demand the risk-free rate of return plus a premium on riskier cash flows and/or business opportunities. The Government of Canada's long-term benchmark bond yields is 1.28%. (Dec 10, 2020)

Public Equity Market Risk (RPm)

The public equity market risk premium represents the historical returns public market equity investors have realized for placing capital in equity investments as opposed to risk-free securities. This premium is over and above the risk-free rate and is quantified with reference to long-term stock market rates of return including dividends and capital appreciation in excess of the long-term federal government bonds.

The equity risk premium is 6.12% in Canada (January 2020) (source: Aswath Damodaran, New York University – Stern School of Business January 2020 Study).

Small Size Equities Risk Premium (RPs)

To determine the indicated size-adjusted equity risk premium using the CRSP data provided by Cost of Capital Professional, we must add a size premium to the abovementioned equity risk premium, which reflects the additional required return associated with investments in smaller equity companies as compared to larger companies. The Size Premium was based on CRSP decile 10 which included 657 firms with an equity market capitalization size ranging from \$1,973,000 to \$229,748,000 in Q4 2019. The CRSP decile 10 mean annual return reached 19.33% between 1928 and 2018. The author utilized the CRSP data reflecting the risk premium for the tenth decile. This premium is 7.64%.

Industry Specific Risk Factors (RPi)

Industry-specific risks and opportunities related to external factors that all companies face in a particular industry. An adjustment may be required to increase or decrease the cost of equity, depending on whether the industry is more or less risky than the level of risk implied in public equity market rates of return as discussed above. Certain industries are more susceptible than others to fluctuations in the economic, regulatory, or political environments, and social trends such as health consciousness or environmental awareness. Other factors that may affect a specific industry to a greater degree include competitive structures, barriers to entry, the price of key inputs, transportation costs, technological changes, and overall growth rates.

The cannabis industry is experiencing a dramatic structural shift as the industry attempts to normalize and transition to the newly legalized recreational cannabis regime. Many industry participants are vying for a position in an ever-crowded marketplace resulting in underutilized capacity and oversupply; insolvencies are on the rise. The Government of Canada and the various provincial and local governments highly tax and regulate the industry

while creating a myriad of bottlenecks in the licensing, distribution, and marketing of cannabis products. However, Health Canada is not limiting the number of industry licenses it issues and therefore by default is allowing the market to rationalize itself through traditional supply and demand market forces.

With a high current user rate and a growing market of would-be users, industry revenues are growing, including the proliferation of derivative cannabis products under the new cannabis 2.0 regulations. Based on market indicators for current and planned production there is a large oversupply situation in Canada driving prices down at the wholesale level leaving producers with projected revenue shortfalls as their production increases.

Regulatory compliance and various levels of taxation are adding a large number of costs to operators accustomed to a more profitable environment in the legacy and medical markets. The market is not concentrated but continues to become more crowded as new entrants are licensed each quarter. The path to profitability for many is still uncertain as companies keep investing in facilities and capacity as they become accustomed to the costs of compliance and levels of taxation.

Barriers to entry are high due to large capital outlays and mired with red-tape and government processing delays. Facilities must be fully built and ready to operate before the application for licensing can commence. Therefore, capital and investments are at risk without any indications or assurances a license application will ultimately be successful. A similar process is in place through Health Canada for product approvals that can take in excess of 60 days.

The merger & acquisition activity in this sector has been setting records in both 2018 and 2019 on both private and public fronts, as companies try to gain market share and economies of scale. Much of this activity has been completed using equity capital, which has seen very large market erosions, especially in the latter part of 2019. The M&A trend is expected to continue through the balance of 2020 and into 2021.

The major threat for many will be running out of capital while trying to find a path to profitability and navigating the regulatory restrictions ranging from production and distribution to pricing and the way products are packaged. The Cannabis Act imposes very strict restrictions on product branding and marketing which leaves few opportunities for producers to differentiate their products from that of the competition in an increasingly commoditized and homogenous market. Overall industry-specific risk factors are high.

Company Specific Risk Factors (RPu)

Company-specific risk factors are internal in nature and are not accounted for in the industry risk mentioned above. An adjustment may be required to the cost of equity, where the business faces more or less risk than does the industry in general, and where the cash-flow projections do not adequately reflect the specific risk or opportunities. Major factors that need to be considered include brand, patents or copyright protection, product, geographic, and customer diversification, competitive advantages, management depth, experience and tenure, access to the labor force, supplier dependence, the company size relative to competitors, and cost structure.

The Target is a pre-revenue start-up company that is in the process of capitalizing on the industry experience of its founders and a brand that is synonymous with BC Cannabis culture affectionately known as “BC Bud”. This strategy provides the Target with pre-market brand awareness and serves as the Target’s (The BC Bud Co.) point of difference in a crowded retail marketplace.

While many industry participants are vertically integrated from seed to shelf, the Target’s business model is centered around joint-venture agreements with established growers, processors, and product manufacturers, allowing the Target to leverage established growers/processors and focus on product branding, sales, and distribution rather than production. This strategy allows the Target to avoid the risk, capital expenditures, and lengthy licensing requirements associated with owning its own cultivation infrastructure.

The founders have a long history in the cannabis industry both in Canada and the US, management depth, industry contacts, and canna-business experience are among the Target's top strengths and a source of competitive advantage. Supplier dependence is low as the Target can utilize various suppliers, processors, and cultivators due to an abundance of capacity and an oversupply situation in Canada. The Target's intellectual property and brand names are trademark protected and awaiting final approvals. The Target has two signed agreements or agreements of understanding with its initial partners to begin production, sourcing, and distribution of its four product categories in early 2021. While the Target is developing an innovative business model, leveraging off others' capital investments, infrastructure, and assembled workforce; it is yet to prove its business model, demonstrate sales and consumer demand. Its first product line, CannaBeans, is in the process of submission for Health Canada approval that can take 30-60 days according to management. Based on the information available for this analysis, the overall company-specific risk factors are high.

Discount Rate Summary and Conclusion

In summary, there are several positive factors that would suggest a lower risk is attached to the Target's cash flow, these include:

- Leveraged business model;
- Two joint-venture, manufacturing agreements in place;
- Brand alignment with BC Bud culture;
- Focus on branding, sales, and distribution;
- Innovative product pipeline with a focus on cannabis 2.0;
- Trademark protection of IP assets;
- Management depth, experience, and industry contacts;
- Proven success in the cannabis industry;
- Low supplier dependence;
- The abundance of cannabis products for processing;
- High barriers to entry for production and cultivation;
- The rapid expansion of cannabis derivative product use in Canada;
- Branding becoming more important in a commoditized marketplace; and,
- Highly dynamic M&A market activity.

On the negative side, acknowledging risk in the cash flow projections that would suggest a higher risk, these include:

- Pre-revenue company;
- No proven sales record or brand demand;
- None of the products have received Health Canada approvals;

- No secured listing agreements or retail purchase orders;
- Highly regulated market and inefficient government distributions scheme;
- High levels of taxation at all levels of government;
- Regulatory and distribution bottlenecks;
- The market is in an oversupply situation in Canada;
- The industry still seeking a path to profitability;
- Market and branding opportunities are limited by legislation; and,
- Cannabis equity markets and valuations experiencing high volatility.

Discount Rate Conclusion

The WACC has two primary components; the cost of equity and the cost of debt, each weighted relative to the size of the Target's overall capital structure. The Target's marginal tax rate is also considered in calculating the Target's cost of debt. The author estimated the marginal tax rate is 11% (blended federal and provincial tax rate). The formula used to calculate WACC is the following: $WACC = (Ke * We) + [Kd *(1-t)*Wd]$

Where: WACC = Weighted average cost of capital

Ke = Target's cost of common equity capital

Kd = Target's cost of debt capital

We = Percentage of equity capital in the capital structure

Wd = Percentage of debt capital in the capital structure

t = company's effective tax rate

Based on the Target's lack of underlying tangible assets that can be securitized, the levels of maintainable cash flows, and the existing capital structure on the Balance Sheet at the Valuation Date, the optimal capital structure of the Target, being the mix of debt and equity, it is assumed to be 100% equity and 0% debt. Considering all of these factors, the author has estimated the weighted Cost of Equity to be in the range of 49% to 52% and the weighted after-tax Cost of Debt to be 0% resulting in an average weighted cost of capital (WACC) return of 49% to 52%. This after-tax rate of return is adjusted for the Entity's revenue growth rate less inflation resulting in a net capitalization rate of 46% to 49%.

Fair Market Valuation Calculation – Discounted Cash Flow

Discounted Cash Flow							
	2021	2022	2023	2024	2025	Terminal	
After Tax Cash Flow	194,702	1,910,195	5,232,948	6,329,737	7,310,649	7,554,298	
Terminal Multiple	3%						2.17 (1)
Discount period (mid-year)		0.5	1.5	2.5	3.5	4.5	4.5 (2)
Discount factor (low)	49.0%	0.82	0.55	0.37	0.25	0.17	0.17 (3)
Terminal Cash Flow							16,422,388 (4)
Present Value of Cash Flows	159,506	1,050,263	1,930,993	1,567,594	1,215,116	2,729,594	
Terminal Multiple	3%						2.04 (5)
Discount period (mid-year)		0.5	1.5	2.5	3.5	4.5	4.5 (6)
Discount factor (high)	52.0%	0.81	0.53	0.35	0.23	0.15	0.15 (7)
Terminal Cash Flow							15,416,935 (8)
Present Value of Cash Flow s	157,924	1,019,324	1,837,120	1,461,952	1,110,861	2,342,620	
		Low	High				
Sum of Cash Flow		7,929,801	8,653,067	(9)			
add: PV of UCC		-	-	(10)			
Enterprise Value (Business Value)		7,929,801	8,653,067				
add: redundant asset				(11)			
less: debts				(12)			
En Block FMV of Equity	\$	7,929,801	\$ 8,653,067				

Note the following:

Terminal Value captures the value of a business beyond the projection period and is the present value of all subsequent cash flows after the terminal value multiple is applied and then discounted to the present value.

The capitalization multiple is the inverse of the capitalization rate: $1/\text{Capitalization Rate} = \text{Capitalization Multiple}$

1. The Terminal Value multiple of 2.17x based on 46% (49% less 3% growth rate).
2. The author has used a mid-year discounting period in each year of the forecast.
3. A discount value factor of 49% was applied to the forecasted cash flow.

The discount factor is calculated using the following present value formula:

$$1/(1+\text{rate})^t = \text{Discount Rate Factor}$$

4. Terminal cash flow
5. The Terminal Value multiple of 2.04x based on 49% (52% less 3% growth rate).
6. The author used a mid-year discounting period in each year of the forecast.
7. A discount value factor of 52% is applied to the forecasted cash flow. The discount factor is calculated using the following present value formula: $1/(1+\text{rate})^t = \text{Discount Rate Factor}$
8. Terminal cash flow.
9. The sum of the present value of the forecasted cash flows.
10. A purchaser will enjoy tax savings from the future CCA to be claimed on capital assets at the date of the valuation, the present value of these savings are added to the Capitalized Cash Flow to arrive at the Enterprise

Value of the business. At the Valuation Date, the Target does not own any fixed assets that carry future CCA balances.

11. Redundant assets are those assets that are not required for the ongoing operations of the Target and accordingly can be liquidated without any financial risk to the business. The FMV of redundant assets ultimately increases the FMV of the Target Shares. Redundant assets are added to Enterprise Value to arrive at the Total Enterprise Value. The Target has no redundant assets on its balance sheet at the Valuation Date.
12. Because the rate of return adopted in our analysis includes a blend of debt and equity rates of return, the Target value derived reflects a total value of the Target (Enterprise Value), including its interest-bearing debt. To determine the fair market value of equity, the value of interest-bearing debt is deducted from the Enterprise Value to arrive at En Bloc Value of Equity. The Target has no debts at the Valuation Date.

Implied EV/EBITDA Multiple

The Enterprise Value (EV) to EBITDA multiple compares the value of the business with the amount it earns on an annual basis. This multiple can be used to compare the Target to the value of other, similar businesses trading multiples.

Implied Enterprise Value to EBITDA Multiple		
	Low	High
Business Enterprise Value	7,929,801	8,653,067
EBITDA Year 1	341,402	341,402
Implied Multiple	23.23	25.35
EBITDA (5 Yr average)	6,554,705	6,554,705
Implied Multiple	1.21	1.32

A copy of the Valuation Report will be available for inspection at the registered office of the Target located at Suite 2080-777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4, during ordinary business hours from the date hereof and for a period of thirty days thereafter.

Recommendation of the Board

As the sole independent director of the Issuer comprised the special committee to review the Transaction, the Board has adopted his recommendation (with Brayden Sutton and Thomas Joshua Taylor abstaining) to approve the terms of the Transaction. The Board recommends that Minority Shareholders vote in favor of the Transaction.

In arriving at his conclusion, the special committee considered the following, among other matters:

- (a) information with respect to the financial condition, business and operations, on both a historical and prospective basis, of the Target;

- (b) the Valuation Report;
- (c) current industry, economic and market conditions and trends;
- (d) the risks associated with the Transaction, as outlined below;
- (e) the risks to the Issuer if the Transaction is not completed, including the costs incurred in pursuing the Transaction and the diverting of management attention away from other opportunities for the Issuer;
- (f) the risk factors applicable to the Resulting Issuer, as outlined in this Circular; and
- (g) the procedures by which the Transaction is to be approved, including the requirement pursuant to MI 61-101 for approval by a majority of the votes cast by the Minority Shareholders.

This list is not intended to be exhaustive but summarizes certain material factors considered.

Irrespective of whether the Change of Business Resolution is passed by the Shareholders, the Board may elect not to proceed with the Transaction.

Shareholder Approval

Since the Transaction is a “related party transaction” for the Issuer under MI 61-101, the Transaction must be approved by a majority of the votes cast at the Meeting by the Minority Shareholders present in person or by proxy, voting separately as a single class.

To the best of the knowledge of the Issuer, after due enquiry, as at the date of this Circular, a total of 1,268,976 Common Shares, were beneficially owned, or control or direction was exercised over such shares by persons who are not Minority Shareholders. For additional information on the requirements for approval by the Minority Shareholders please see “*Application of MI 61-101*” below.

Notwithstanding the foregoing, each of the Change of Business Resolution authorizes the Northway Board and the Board, without further notice to or approval of the Shareholders, subject to the terms of the Acquisition Agreement to decide not to proceed with the Transaction and to revoke the Change of Business Resolution at any time prior to the Closing Date.

Approval of the Exchanges

The Acquisition Agreement provides that receipt of all regulatory approvals, including without limitation, the approval of the CSE of the Transaction and of the TSXV for the delisting of the Common Shares, is a condition precedent to the completion of the Transaction. Acceptance by the CSE will be conditional upon receipt of various documents and information, including evidence of requisite Shareholder approval. Approval of the TSXV for the delisting of the Common Shares will require evidence of requisite Shareholder approval for the Delisting Resolution.

As of the date of this Circular, the Issuer has not received conditional or final approval of the CSE. There is no assurance that the Transaction or Financing will receive either conditional or final approval of the CSE.

Application of MI 61-101

The Issuer has determined that the Transaction constitutes a Related Party Transaction for the purposes of MI 61-101 because two of the Target Shareholders, being Sutton Ventures Ltd. and TJT Ventures Ltd., are entities beneficially owned and controlled by two directors of the Issuer, being Brayden Sutton and Thomas Joshua Taylor, respectively, and each holds greater than 10% of the outstanding Target Shares.

Pursuant to MI 61-101, if a transaction is a Related Party Transaction, a formal valuation and Minority Approval of the Transaction may be required. As the Issuer is not a reporting issuer in Ontario it is not subject to MI 61-101, but the policies of the TSXV require that the Issuer comply with MI 61-101.

As the Issuer is listed on the NEX and no other stock exchange outside of Canada and the United States, MI 61-101 provides an exemption to the general requirement to obtain a valuation for a transaction that is a Related Party Transaction. No formal valuations of the Issuer has been made in the last 24 months, to the knowledge of the Issuer, the Board and the Issuer's management. The sole valuation of the Target since its incorporation is the Valuation Report.

The Issuer has not received bona fide offers from other parties during the 24 months prior to the Letter Agreement.

MI 61-101 would require that the Issuer obtain Minority Approval for the Transaction from holders of every class of affected securities, in each case voting separately. The only outstanding classes of affected securities of Issuer are the Common Shares. As a result, at the Meeting, the Issuer shall seek the approval to the Change of Business Resolution from a majority of the votes cast by the Minority Shareholders.

Minority Approval

Pursuant to MI 61-101, in determining whether Minority Approval for the Transaction has been obtained, the Issuer is required to exclude the votes attached to the Common Shares beneficially owned or controlled or over which control or direction is exercised by (a) the Issuer, (b) an Interested Party (c) a Related Party of an Interested Party or (d) a joint actor with a person referred to in (b) or (c) above. In addition, persons who receive a Collateral Benefit, as defined in MI 61-101 may also be required to have their votes excluded in considering whether Minority Approval has been obtained.

The Issuer has determined that the votes attached to 1,055,000 Common Shares, held by Sutton Ventures Ltd., and 213,976 Common Shares held by Thomas Joshua Taylor must be excluded from voting on the Change of Business Resolution to be approved by the Minority Shareholders voting in person or by proxy at the Meeting.

The Issuer has determined that pursuant to MI 61-101, no Common Shares must be excluded from the vote of the Minority Shareholders due to receipt of a Collateral Benefit that are not already excluded above.

The chart below indicates the total number of Common Shares and the percentage of such issued and outstanding Common Shares held by Excluded Persons as of the Record Date:

Name and Position	Number of Shares (directly and indirectly)	Percentage of Issued and Outstanding Shares
Sutton Ventures Ltd. (beneficially owned and controlled by Director, President and CEO of the Issuer, Brayden Sutton)	1,055,000	7.23%
Thomas Joshua Taylor, director of the Issuer	213,976	1.47%

Financing

In connection with the Transaction, on April 26, 2021, the Issuer completed the Financing raising \$1,000,000 on a non-brokered basis through the issuance of 4,000,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt.

No finder's fees were paid in connection with the Financing.

Each Subscription Receipt entitles the holder thereof to receive, without any further action on the part of the holder or payment of any additional consideration, one Unit, subject to the satisfaction or waiver of the Escrow Release Conditions prior to Escrow Release Deadline, and provided that the Transaction has not otherwise been terminated.

Each Unit will consist of one Common Share and one Placement Warrant. Each Placement Warrant is exercisable to acquire one Resulting Issuer for a period of 24 months following issuance at an exercise price of \$0.50 per Resulting Issuer Share, subject to adjustment in certain events, including the Acceleration Right.

The gross proceeds of the Financing are held in on behalf of the subscribers by the Issuer, in a segregated account and, upon the satisfaction or waiver of the Escrow Release Conditions, are to be released to the Resulting Issuer. In the event that the Escrow Release Conditions are not satisfied by the Escrow Release Deadline, the proceeds of the Financing will be returned to the holders of the Subscription Receipts and the Subscription Receipts will be cancelled.

The Subscription Receipts issued in the Financing are subject to resale restrictions in accordance with applicable securities laws and the policies of the TSXV ending on August 27, 2021. The Financing was conditionally approved the TSXV, subject to the approval of the Delisting Resolution and the listing of the Resulting Issuer Shares on the CSE.

The Resulting Issuer intends to use the proceeds from the financing to carry out its business objectives and for general and working capital requirements during the twelve-month period following the Closing Date. Please see Schedule "C" - *"Information Concerning the Resulting Issuer - Available Funds and Principal Purpose"* and *"Information Concerning the Resulting Issuer – Stated Business Objectives"*.

The Name Change

In connection with the Transaction, the Issuer will change its name to "The BC Bud Corporation." or such other name as may be acceptable to the Company. Pursuant to the Company's constating documents, the name change will effected by way of resolutions of the Board.

Directors and Management

Immediately following the completion of the Transaction, Corey Larricq will resign as a director of the Resulting Issuer and Samantha Shorter will resign as the Chief Financial Officer of the Issuer. Each of Dayna Lange and Justin Chorbajian will be appointed as directors and Thomas Joshua Taylor will be appointed as President, in addition to remaining as a director. Brayden Sutton will continue to be the CEO and a director. In addition, the Issuer will identify a candidate to hold the positions of Chief Financial Officer and Corporate Secretary of the Resulting Issuer, prior to the Closing Date and will announce such candidate and their qualifications via press release.

RISK FACTORS ASSOCIATED WITH THE TRANSACTION

The proposed business of the Resulting Issuer involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Shareholders should carefully consider the following risk factors associated with the Transaction in evaluating whether to approve the Change of Business Resolution. These risk factors should be considered in conjunction with the other information included in this Circular, including risks related to the business of the Resulting Issuer in the schedules attached hereto. The following risk factors are not a definitive list of all risk factors associated with the Transaction. Additional risks and uncertainties, including those currently unknown to the Issuer or considered to not be material by the Issuer, may also adversely affect the trading prices or value of the Resulting Issuer Shares and/or the business of the Issuer or any one or more of the Resulting Issuer or the Target.

No Certainty That All Conditions Precedent Will Be Satisfied

The completion of the Transaction is subject to a number of conditions precedent set out in the Acquisition Agreement, some of which are outside the control of the Issuer, the Target, the Target Shareholders, as applicable, including receipt of CSE approval. There can be no certainty, nor can the Issuer provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Transaction is not completed, the market price of the Common Shares may decline to the extent that the market price reflects a market assumption that the Transaction will be completed.

Anticipated Benefits of the Transaction May Not Be Realized

The Issuer is proposing to complete the Transaction to strengthen the position of the Issuer and to create the opportunity to realize certain benefits including, among other things, those set forth in this Circular. Achieving the benefits of the Transaction depends in part on the ability of the Resulting Issuer to effectively capitalize on its assets, to realize the anticipated capital and operating synergies, to profitably sequence the growth prospects of its asset base and to maximize the potential of its improved growth opportunities and capital funding opportunities as a result of acquisition of the Target. A variety of factors, including those risk factors set forth in this Circular and the Schedules attached hereto, may adversely affect the ability to achieve the anticipated benefits of the Transaction.

Failure to Obtain All Regulatory Requirements

Completion of the Transaction is subject to, among other things, the acceptance of the CSE and Shareholder approvals. There can be no certainty, nor can either party provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of the Issuer or the trading price of the Common Shares.

Termination of Acquisition Agreement

Each of the Issuer, the Target and the Target Shareholders has the right to terminate the Acquisition Agreement in certain circumstances. Accordingly, there is no certainty, nor can either party provide any assurance, that the Acquisition Agreement will not be terminated before the completion of the Transaction. In addition, the completion of the Transaction is subject to a number of conditions precedent, certain of which are outside the control of the parties. There is no certainty, nor can any party provide any assurances, that these conditions will be satisfied.

Acquisitions Generally

While the Issuer conducted due diligence in connection with the Transaction, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of the Target for which the Issuer is not sufficiently indemnified pursuant to the provisions of the Acquisition Agreement. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Resulting Issuer's financial performance and results of operations. The Resulting Issuer could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits anticipated in the Transaction. All of these factors could cause a delay of the anticipated accretive effect of the Transaction and cause a decrease in the market price of the Common Shares.

Dilution

Following completion of the Transaction, the Resulting Issuer will issue equity securities to finance its activities, including acquisitions. If the Resulting Issuer were to issue common shares, existing holders of such shares may

experience dilution in the Resulting Issuer. Moreover, when the Resulting Issuer's intention to issue additional equity securities becomes publicly known, the Resulting Issuer's share price may be materially adversely affected.

GENERAL MATTERS

Experts

The Target retained Malahat Valuation Group to prepare the Valuation Report. The Valuation Report is referenced above at *"Information Concerning the Transaction – Valuation Report"*.

Smythe LLP, Chartered Professional Accountants, issued an independent auditors' report for the audited annual financial statements of the Issuer for years ended December 31, 2020 and December 31, 2019, which are incorporated by reference herein, as well as the independent auditors' report for the audited annual financial statements of the Target for the financial years ended February 28, 2021 and February 29, 2020, which are attached as Schedule "F" hereto. Smythe LLP is independent of the Resulting Issuer, the Issuer and the Target, in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

To the knowledge of the Issuer, none of the experts above or their respective Associates or Affiliates, beneficially owns, directly or indirectly, any securities of the Issuer, has received or will receive any direct or indirect interests in the property of the Issuer or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or any Associate or Affiliate thereof.

Other Material Facts

To the knowledge of management of the Issuer, there are no other material facts relating to the Issuer, the Target, the Resulting Issuer, the Transaction or the Financing that are not otherwise disclosed in this Circular and are necessary in order for the Circular to contain full, true and plain disclosure of all material facts relating to the Issuer, the Target and the Resulting Issuer, assuming completion of the Transaction and the Financing.

Additional Information

Additional information relating to the Issuer is on SEDAR at www.sedar.com. Shareholders may contact the Issuer at Suite 1500-409 Granville Street, Vancouver, British Columbia, V6C 1T2 (Telephone: 778.656.0377) to request copies of the Issuer's financial statements and MD&A or a copy of this Circular, or any of the Issuer documents incorporated herein by reference.

Additional Business

As of the date of this Circular, the Board does not know of any other matters to be brought to the Meeting, other than those set forth in the Notice of Meeting accompanying this Circular. If other matters are properly brought before the Meeting, the persons named in the enclosed proxy will vote the proxy on such matters in accordance with their best judgment.

APPROVAL BY THE BOARD OF DIRECTORS

The contents and mailing to Shareholders of this Circular have been approved by the Board of Directors.

No person is authorized to give any information or to make any representations in respect of the matters addressed herein other than those contained in this Circular and, if given or made, such information must not be relied upon as having been authorized.

SCHEDULE A

INFORMATION CONCERNING THE ISSUER

All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Circular to which this Schedule "A" is attached.

Corporate Structure

The Issuer was incorporated under the *Business Corporations Act* (Alberta) on September 17, 1987 and continued under the BCBCA on December 12, 2000 as "Waterfront Capital Corporation". On June 12, 2013, the Issuer amended its articles following the adoption of an advance notice policy. On March 31, 2021, the Issuer completed a ten (10) old for one (1) new consolidation of the Common Shares and changed its name to "Entheos Capital Corp."

The business office of the Issuer is located at Suite 1500-409 Granville Street, Vancouver, British Columbia, V6C 1T2 and the registered and records office of the Issuer is located at Suite 2080, 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4. The Issuer is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and the Common Shares are currently listed for trading on the NEX under trading symbol "ENTH"

The Issuer has no subsidiaries.

General Development of the Business

Three Year History

Business of the Issuer

Prior to the date of entering into the Acquisition Agreement, the Issuer was inactive and was listed on the NEX.

Previous Transactions

On January 23, 2018, the Issuer entered into a letter of intent with Water Street Profile Services Inc. ("WSPS") to acquire all of the issued and outstanding shares of WSPS, which was an office space sharing entity operating through a social business club model. On October 17, 2018, the Issuer terminated the letter of intent following a determination not to proceed with the transaction. Following such termination, on October 22, 2018, the Issuer was moved to the NEX board of the TSXV for failure to meet continued listing requirements.

On March 5, 2019, the Issuer entered into a letter of intent with Whistler Water Inc. ("WW") to acquire all of the issued and outstanding shares of WW, which was a glacial spring water bottling company. On October 9, 2019, the Issuer and WW entered into a binding share exchange agreement for the transaction. On December 30, 2019, the Issuer announced that the share exchange agreement had been terminated by WW. The Issuer took the position that such termination was not in accordance with the terms of the share exchange agreement as WW had breached certain material conditions and covenants with respect to the share exchange agreement.

On February 7, 2021, the Issuer entered into the Letter Agreement and the Common Shares were halted for trading. On March 15, 2021, the Issuer, the Target and the Target Shareholders entered into the Acquisition Agreement, superseding the Letter Agreement.

Consolidation

On March 31, 2020, the Issuer completed the Consolidation, consolidating the Common Shares on a 10 old for one new basis and changed its name to "Entheos Capital Corp."

Recent Financings

The Issuer completed the following financings in the last three financial years:

- o 3,333,331 units issued at \$0.075 per unit for aggregate proceeds of \$250,000. Each unit was comprised of one Common Share and one half of one Warrant, with each whole Warrant exercisable at a price of \$0.15 for a period of 12 months ending April 13, 2021. No finder's fees were payable in association with the financing.
- o 5,000,000 units issued at \$0.15 per unit for aggregate proceeds of \$750,000. Each unit was comprised of one Common Share and one half of one Warrant, with each whole Warrant exercisable at a price of \$0.30 for a period of 12 months ended May 22, 2021. No finder's fees were payable in association with the financing.
- o The Financing, as described below.

Change of Business

The Issuer intends that the Transaction shall constitute a re-direction of the business of the Issuer. Upon the completion of the Transaction, the Resulting Issuer will carry on the business of the Target as an industrial issuer. See "*Information Concerning the Transaction.*"

Financing

In connection with the Transaction, on April 26, 2021, the Issuer completed the Financing raising \$1,000,000 on a non-brokered basis through the issuance of 4,000,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt.

No finder's fees were paid in connection with the Financing.

Each Subscription Receipt entitles the holder thereof to receive, without any further action on the part of the holder or payment of any additional consideration, one Unit, subject to the satisfaction or waiver of the Escrow Release Conditions prior to Escrow Release Deadline, and provided that the Transaction has not otherwise been terminated.

Each Unit will consist of one Common Share and one Placement Warrant. Each Placement Warrant is exercisable to acquire one Resulting Issuer for a period of 24 months following issuance at an exercise price of \$0.50 per Resulting Issuer Share, subject to adjustment in certain events, including the Acceleration Right.

The gross proceeds of the Financing are held in on behalf of the subscribers by the Issuer, in a segregated account and, upon the satisfaction or waiver of the Escrow Release Conditions, are to be released to the Resulting Issuer. In the event that the Escrow Release Conditions are not satisfied by the Escrow Release Deadline, the proceeds of the Financing will be returned to the holders of the Subscription Receipts and the Subscription Receipts will be cancelled.

The Subscription Receipts issued in the Financing are subject to resale restrictions in accordance with applicable securities laws and the policies of the TSXV ending on August 27, 2021. The Financing was conditionally approved the TSXV, subject to the approval of the Delisting Resolution and the listing of the Resulting Issuer Shares on the CSE.

The Resulting Issuer intends to use the proceeds from the financing to carry out its business objectives and for general and working capital requirements during the twelve-month period following the Closing Date. Please see Schedule "C" - "*Information Concerning the Resulting Issuer - Available Funds and Principal Purpose*" and "*Information Concerning the Resulting Issuer – Stated Business Objectives*".

Selected Financial Information and Management's Discussion and Analysis

Selected Financial Information

The following table sets forth selected financial information of the Issuer for its most recently completed quarter, being the three months ended March 31, 2021 and the two most recently completed financial years ended December 31, 2020 and December 31, 2019. Such information is derived from the Issuer's financial statements, which are incorporated by reference herein and should be read in conjunction with such financial statements:

Selected Financial Information	For the three months ended March 31, 2021 (unaudited)	For the year ended December 31, 2020 (audited)	For the year ended December 31, 2019 (audited)
Operations Data			
Total Revenues	Nil	Nil	Nil
Total Expenses	\$40,565	\$170,225	\$298,269
Net Income (Loss)	(\$40,565)	(\$170,225)	(\$298,269)
Net Income (Loss) per Share – Basic and Fully Diluted	(\$0.00)	(\$0.01)	(\$0.07)
Balance Sheet Data			
	As at March 31, 2021 (unaudited)	As at December 31, 2020 (audited)	As at December 31, 2019 (audited)
Current Assets	\$1,352,437	\$887,339	\$78,876
Non-Current Assets	N/A	N/A	N/A
Total Assets	\$1,352,437	\$887,339	\$78,876
Current Liabilities	\$16,089	\$48,926	\$130,721
Working Capital (Deficit)	\$1,336,348	\$838,413	(\$51,845)

Balance Sheet Data	As at March 31, 2021 (unaudited)	As at December 31, 2020 (audited)	As at December 31, 2019 (audited)
Other Liabilities	Nil	Nil	Nil
Total Liabilities	\$16,089	\$48,926	\$130,721
Share Capital	\$11,069,779	\$10,924,779	\$9,891,279
Subscriptions Received	\$393,500	Nil	Nil
Reserves	\$625,507	\$625,507	\$625,507
Deficit	(\$10,752,438)	(\$10,711,873)	(\$10,568,631)
Total Equity (Deficiency)	\$1,336,348	\$838,413	(\$51,845)
Number of Shares Issued and Outstanding	13,943,482	13,101,816	4,468,485

Management's Discussion and Analysis

The Issuer's MD&A for the year ended December 31, 2020 and for the three months ended March 31, 2021 are incorporated by reference herein and should be read in conjunction with the Issuer's audited financial statements for the years ended December 31, 2020 and December 31, 2019 and notes thereto and the Issuer's unaudited financial statements for the three months ended March 31, 2021, together with the notes thereto, incorporated by reference herein.

A pro forma consolidated statement of financial position for the Resulting Issuer giving effect to the Transaction and the Financing as at February 28, 2021 is attached to this Circular as Schedule "H".

Description of the Securities

The authorized capital of the Issuer consists of an unlimited number of Common Shares without par value. As at the date of this Circular, there are 14,593,482 Common Shares issued and outstanding.

The following is a summary of the principal attributes of the Common Shares:

Voting Rights. The holders of the Common Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the Issuer. The Common Shares carry one vote per share. There are no cumulative voting rights, and directors do not stand for re-election at staggered intervals.

Dividends. The holders of Common Shares are entitled to receive on a pro rata basis such dividends as may be declared by the board of directors, out of funds legally available therefor. There are no indentures or agreements limiting the payment of dividends.

Profits. Each Common Share is entitled to share pro rata in any profits of the Issuer to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.

Rights on Dissolution. In the event of the liquidation, dissolution or winding up of the Issuer, the holders of the Common Shares will be entitled to receive on a pro rata basis all of the assets of the Issuer remaining after payment of all the Issuer's liabilities.

Pre-Emptive, Conversion and Other Rights. No pre-emptive, redemption, sinking fund or conversion rights are attached to the Common Shares, and the Common Shares, when fully paid, will not be liable to further call or assessment. No other class of shares may be created without the approval of the holders of Common Shares. There are no provisions discriminating against any existing or prospective holder of Common Shares as a result of such shareholder owning a substantial number of Common Shares.

Stock Option Plan

The Board may, in accordance with its Stock Option Plan, from time to time, in its discretion, and in accordance with the rules and regulations of the TSXV, grant to directors, officers, employees or consultants of the Issuer non-transferable- Options to purchase Common Shares.

The Stock Option Plan was approved by the Shareholders on June 12, 2013, and was last approved by Shareholders on March 26, 2020. The purpose of the Stock Option Plan is to assist the Issuer in attracting, retaining and motivating directors, officers, employees and consultants (together "service providers") of the Issuer and of its affiliates and to closely align the personal interests of such service providers with the interests of the Issuer and its shareholders.

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting.

1. The maximum number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding common shares of the Company at the time of grant, the exercise price of which, as determined by the board of directors in its sole discretion, shall not be less than the closing price of the Company's shares traded through the facilities of the Exchange prior to the announcement of the option grant, or, if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.
2. The board of directors shall not grant options to any one person in any 12-month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.
3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding five years from the date on which the board of directors grant and announce the granting of the option.
4. If the option holder ceases to be a director of the Company or ceases to be employed by the Company (other than by reason of death), or ceases to be a consultant of the Company as the case may be, then the option granted shall expire on a date stipulated by the Board at its discretion and, in any event, must terminate no

later than the 90th day following the date that the option holder ceases to be a director, ceases to be employed by the Company or ceases to be a consultant of the Company, subject to the terms and conditions set out in the Stock Option Plan.

The Issuer currently has 85,000 Options outstanding exercisable at a price of \$1.00 per Common Shares until October 13, 2022.

Prior Sales

During the 12 months prior to the date of this Circular, the Issuer has issued the following securities:

Date	Number of Common Shares	Reason for Issuance	Issue Price per Common Share	Aggregate Issue Price	Consideration Received
December 14, 2020	300,000 Common Shares	Exercise of Warrants	\$0.15 per Common Share	\$45,000	Cash
January 27, 2021	483,333 Common Shares	Exercise of Warrants	\$0.15 per Common Share	\$72,499.95	Cash
February 8, 2021	66,666 Common Shares	Exercise of Warrants	\$0.15 per Common Share	\$9,999.90	Cash
February 23, 2021	125,000 Common Shares	Exercise of Warrants	\$0.30 per Common Share	\$37,500	Cash
March 29, 2021	166,667 Common Shares	Exercise of Warrants	\$0.15 per Common Share	\$25,000.05	Cash
April 9, 2021	650,000 Common Shares	Exercise of Warrants	\$0.15 per Common Share	\$97,500	Cash
April 26, 2021	4,000,000 Subscription Receipts	Private Placement	\$0.25 per Subscription Receipt	\$1,000,000	Cash
Total	1,791,666 Common Shares and 4,000,000 Subscription Receipts			\$1,287,499.90	

Stock Exchange Price

The Common Shares have been listed and posted for trading on the NEX since October 22, 2018. The following table sets out the high and low trading of the Common Shares for the periods indicated as reported by NEX:

Month	High \$	Low \$	Close \$	Volume
Quarter ended September 30, 2019 ⁽¹⁾	Halted Trading			
Year ended December 31, 2019	Halted Trading			
Quarter ended March 31, 2020 ⁽²⁾	\$0.80	\$0.10	\$0.10	206,024
Quarter ended June 30, 2020	0.30	0.10	0.27	165,362
Quarter ended September 30, 2020	0.28	0.18	0.195	253,347
Year ended December 31, 2020	0.365	0.16	0.28	411,207
Quarter ended March 31, 2021 ⁽³⁾	0.28	0.20	0.21	74,152
Month ended April 30, 2021	Halted trading			
Month ended May 31, 2021	Halted trading			

Notes:

- (1) Trading of the Common Shares was halted on March 6, 2019 following the announcement of a proposed reverse takeover transaction with Whistler Water Inc. Trading of the Common Shares resumed on January 7, 2020 following the announcement of the termination of that transaction.
- (2) On March 31, 2020, the Issuer completed a ten (10) old for one (1) new consolidation. Historical data has been adjusted for the consolidation.
- (3) The Common Shares were halted on February 7, 2021 pending the announcement of the Transaction. The last trade of the Common Shares prior to the trade halt was on February 5, 2021 at a price of \$0.21.

Audit Committee

The Issuer is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Issuer or an affiliate of the Issuer.

Audit Committee Charter

The Issuer's audit committee charter is reproduced below:

Mandate

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Issuer to regulatory authorities and shareholders, the Issuer's systems of internal controls regarding finance and accounting and the Issuer's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Issuer's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Issuer's financial reporting and internal control system and review the Issuer's financial statements.

- Review and appraise the performance of the Issuer's external auditors.
- Provide an open avenue of communication among the Issuer's auditors, financial and senior management and the Board.

Composition

The Committee will be composed of three directors from the Board, the majority of whom are not employees or senior officers of the Issuer.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Issuer's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Issuer's financial statements.

The members of the Committee shall be elected by the Board at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

- (a) Review and update this Charter annually.
- (b) Review the Issuer's financial statements, MD&A and any annual and interim earnings, press releases before the Issuer publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
- (c) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Issuer.
- (d) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Issuer, consistent with Independence Standards Board Standard 1.
- (e) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (f) Take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors.
- (g) Recommend to the Board the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

- (h) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Issuer's accounting principles, internal controls and the completeness and accuracy of the Issuer's financial statements.
- (i) Review and approve the Issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Issuer.
- (j) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (k) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Issuer's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - (i) the aggregate amount of all such non-audit services provided to the Issuer constitutes not more than five percent of the total amount of revenues paid by the Issuer to its external auditors during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Issuer at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Committee by the Issuer and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Issuer's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Issuer's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Issuer's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Issuer of concerns regarding questionable accounting or auditing matters.

Composition of the Audit Committee

The Issuer's current Audit Committee consists of Brayden Sutton, Josh Taylor and Corey Larricq.

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Issuer, which could, in the view of the Issuer's Board, reasonably interfere with the exercise of the member's independent judgment. Of the Issuer's current Audit Committee members, each of Josh Taylor and Corey Larricq are considered "independent" within the meaning of NI 52-110.

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Issuer's financial statements. All of the members of the Audit Committee are "financially literate" as that term is defined. The following sets out the Audit Committee members' education and experience that is relevant to the performance of his responsibilities as an audit committee member.

Relevant Education and Experience

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Issuer to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Issuer financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting, are as follows:

Brayden R. Sutton

Brayden Sutton is the Chief Executive Officer and a Director of the Issuer. Formerly President and CEO of 1933 Industries Inc., Mr. Sutton operates a wholly-owned merchant bank and has deployed over \$100 million dollars into the cannabis sector dating back to 2013. As well, he co-founded and served as the Executive Vice President for Supreme Pharmaceuticals, now called The Supreme Cannabis Company Inc., and in 2015 became Director of Business Development for Aurora Cannabis Inc. Mr. Sutton is also the founder of Cannabis Health Sciences Inc. and the Cannabis Health Journal, which made its debut in 1999.

Joshua Taylor

Josh Taylor is a director of the Issuer Mr. Taylor is an accomplished sales professional and successful entrepreneur in the legal cannabis space with several years' experience in business development within the consumer-packaged goods and pharmaceutical industries who is currently the Director of Business Development with 1933 Industries Inc.

Corey Larricq

Corey Larricq is a director of the Issuer and a seasoned entrepreneur and business owner and brings years of expertise in business operations, management and business evaluation to the Issuer. As well, Mr. Larricq is an investor and active in the capital markets.

Audit Committee Oversight

Since the commencement of the Issuer's most recently completed financial year, the Audit Committee of the Issuer has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

Reliance of Certain Exemptions

Since the commencement of the Issuer's most recently completed financial year, the Issuer has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-Audit Services) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

Pre-Approval Policies on Certain Exemptions

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The fees billed by the Issuer's external auditors in each of the last two financial years for audit and non-audit related services provided to the Issuer or its subsidiaries (if any) are as follows:

Nature of Services ⁽⁵⁾	Fees Paid to Auditor in Year Ended December 31, 2020	Fees Paid to Auditor in Year Ended December 31, 2019
Audit Fees ⁽¹⁾	\$12,500	\$16,500
Audit Related Fees ⁽²⁾	\$7,000	\$-
Tax Fees ⁽³⁾	\$2,500	\$3,750
All other Fees ⁽⁴⁾	\$-	\$-
Total	\$22,000	\$20,250

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Issuer's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements.

Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" includes all other non-audit services".
- (5) Fees paid to the Issuer's former auditor, Davidson & Company.

Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition and Reporting Obligations

Since the Issuer is a venture issuer, it is exempt from the requirements of Part 3 *Composition of the Audit Committee* and Part 5 *Reporting Obligations* of NI 52-110.

Corporate Governance

General

National Instrument 58-101 - Disclosure of Corporate Governance Practices, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "Guidelines") adopted in National Policy 58-201. These Guidelines are not prescriptive but have been used by the Issuer in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Issuer's approach to corporate governance is set out below.

Board of Directors

Management is nominating three individuals to the Board, all of whom are current directors of the Issuer. Brayden R. Sutton is the Chairman of the Board.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Issuer. The "material relationship" is defined as a relationship which could, in the view of the Issuer's Board, reasonably interfere with the exercise of a director's independent judgement. Two of the current members of the Board is considered "independent" and one member is not considered "independent" within the meaning of NI 52-110, being the Chief Executive Officer, Brayden Sutton.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Issuer, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Issuer and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Issuer is delegated by the Board to the CEO. The Board will give direction and guidance through the CEO to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting, appoints an Audit Committee. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities of each committee of the Board, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO, CFO and President of the Issuer and establishes the duties and responsibilities of those positions, and on the recommendation of the CEO, appoints the senior officers of the Issuer and approves the senior management structure of the Issuer.

The Board exercises its independent supervision over management by its policies that require periodic meetings of the Board be held to obtain an update on significant corporate activities and plans. The Board attempts to meet not less than three times during each year and endeavors to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the CEO, or subject to the Articles of the Issuer, of any director.

The mandate of the Board, as prescribed by the Business Corporations Act (British Columbia) (the "Act"), is to manage or supervise management of the business and affairs of the Issuer and to act with a view to the best interests of the Issuer. In doing so, the Board oversees the management of the Issuer's affairs directly and through its committees.

Directorships

None of the directors of the Issuer are currently directors of other reporting issuers.

Orientation and Continuing Education

The Board's practice is to recruit for the Board only persons with experience in business and public company matters and with a good general understanding of the cannabis business. Prospective new board members are provided a reasonably detailed level of background information, verbal and documentary, on the Issuer's affairs and plans prior to obtaining their consent to act as a director.

The Board provides training to its directors as needed, to ensure that the Board is complying with current legislative and business requirements.

Ethical Business Conduct

To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Issuer's operations, and the small number of officers and consultants, allow the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Issuer grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

Nomination of Directors

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chairman and the other members of the Board.

Compensation Committee

The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director of the Issuer. As well, the number of options to be granted is determined by the Board as a whole, which allows any independent directors to have input into compensation decisions. At this time, the Issuer does not believe its size and limited scope of operations requires a formal compensation committee.

Other Board Committees

The Board has no other committees, other than the Audit Committee.

Assessments

The Board annually reviews its own performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between Board and Management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Issuer, given its size and operations. The Issuer's corporate governance practices allow the Issuer to operate efficiently, with checks and balances that control and monitor Management and corporate functions without excessive administration burden.

Executive Compensation

During the financial year ended December 31, 2020, the Issuer had two Named Executive Officers ("NEOs") being, Brayden Sutton, the President and Chief Executive Officer ("CEO") and Samantha Shorter, the Chief Financial Officer ("CFO").

"Named Executive Officer" means: (a) each CEO, (b) each CFO, (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and (d) each individual who would be a NEO under (c) above but for the fact that the individual was neither an executive officer of the Issuer, nor acting in a similar capacity, at the end of that financial year.

Director and Named Executive Officer Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V, is a summary compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for each of the Issuer's two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	Year (ended December 31)	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Brayden Sutton, President CEO and Director ⁽¹⁾	2020	57,500	Nil	Nil	Nil	Nil	57,500
	2019	30,000	Nil	Nil	Nil	Nil	30,000
Samantha Shorter, CFO ⁽²⁾	2020	27,500	Nil	Nil	Nil	Nil	27,500
Corey Larricq, Director ⁽³⁾	2020	6,000	Nil	Nil	Nil	Nil	6,000
	2019	2,000	Nil	Nil	Nil	Nil	2,000

Table of compensation excluding compensation securities							
Name and position	Year (ended December 31)	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Thomas Joshua Taylor, Director ⁽⁴⁾	2020	6,000	Nil	Nil	Nil	Nil	6,000
	2019	1,000	Nil	Nil	Nil	Nil	1,000
Douglas L. Mason, former CEO and Director ⁽⁵⁾	2020	2,500	Nil	Nil	Nil	Nil	2,500
	2019	30,000	Nil	Nil	Nil	Nil	30,000
Sead Hamzagic, former CFO ⁽⁶⁾	2020	2,500	Nil	Nil	Nil	Nil	2,500
	2019	30,000	Nil	Nil	Nil	Nil	30,000
Joseph Bleackley, Former Director ⁽⁷⁾	2019	1,000	Nil	Nil	Nil	Nil	1,000

Notes:

1. Mr. Sutton was appointed Chief Executive Officer and President on February 14, 2020 and compensation was paid to a company controlled by Brayden Sutton for consulting services provided to the Issuer during the period from January 1, 2019 to December 31, 2019.
2. Ms. Shorter was appointed Chief Financial Officer on February 14, 2020 and compensation was paid to a company in which Ms. Shorter is a significant shareholder for consulting services provided during the year ended December 31, 2020.
3. Mr. Larricq was appointed a director of the Issuer on January 2, 2019.
4. Mr. Taylor was appointed a director of the Issuer on August 2, 2019.
5. Mr. Mason resigned as Chief Executive Officer and President of the Issuer on February 12, 2020. Other compensation includes compensation paid for termination of consulting agreement.
6. Mr. Hamzagic resigned as Chief Financial Officer of the Issuer on February 12, 2020. Other compensation includes compensation paid for termination of consulting agreement.
7. Mr. Bleackley was appointed as a director on November 27, 2018 and resigned on August 2, 2019.

External Management Companies.

Mr. Brayden Sutton provides services through Sutton Ventures Inc.

Mr. Sead Hamzagic provided services through Sead Hamzagic, Inc. Mr. Douglas L. Mason provided services through Waterfront Capital Partners Inc.

Stock Options and Other Compensation Securities

No compensation securities granted or issued to NEOs or directors by the Issuer or its subsidiaries in the year ended December 31, 2020, for services provided or to be provided, directly or indirectly to the Issuer or any of its subsidiaries.

The following table discloses the total amount of compensation securities held by the NEOs and directors as at the Issuer's financial year ended December 31, 2020:

Name and Position	Number of Options as at December 31, 2020
Douglas L. Mason ⁽¹⁾ , former CEO and Director	Nil

Name and Position	Number of Options as at December 31, 2020
Sead Hamzagic ⁽²⁾ , former CFO	Nil
Corey Larricq ⁽³⁾ , Director	Nil
Joshua Taylor ⁽⁴⁾ , Director	Nil
Brayden Sutton ⁽⁵⁾ , CEO and Director	85,000
Joe Bleackley ⁽⁶⁾ , Former Director	Nil
Samantha Shorter ⁽²⁾ , CFO	Nil

Notes:

1. Mr. Mason resigned as Chief Executive Officer and President of the Issuer on February 12, 2020.
2. Mr. Hamzagic resigned and Ms. Samantha Shorter was appointed as Chief Financial Officer of the Issuer on February 12, 2020.
3. Mr. Larricq was appointed a director of the Issuer on January 2, 2019.
4. Mr. Taylor was appointed a director of the Issuer on August 2, 2019.
5. Mr. Sutton was appointed Chief Executive Officer and President on February 14, 2020 and compensation was paid to a company controlled by Brayden Sutton for consulting services provided to the Issuer during the period from January 1, 2019 to December 31, 2019.
6. Mr. Bleackley was appointed as a director on November 27, 2018 and resigned on August 2, 2019.

No compensation securities were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified in the Issuer's financial year ended December 31, 2020.

There are no restrictions or conditions for converting, exercising or exchanging the compensation securities.

There were no compensation securities exercised by NEOs and directors during the financial year ended December 31, 2020.

Stock option plans and other incentive plans

Stock option plan

At the Issuer's last annual general meeting, the Shareholders ratified the Stock Option Plan under which the Directors were authorized to grant options to purchase up to 10% of the Issuer's common shares from time to time. The purpose of Stock Option Plan is to attract and motivate directors, officers and employees of and consultants to the Issuer and its subsidiaries and thereby advance the Issuer's interests by affording such persons with an opportunity to acquire an equity interest in the Issuer through the stock options.

The Issuer is currently listed on the NEX, a division of the TSXV

Under the policies of the TSXV options granted under the Stock Option Plan are not required to have a vesting period, although the directors may continue to grant options with vesting periods, as the circumstances require. The Stock Option Plan authorizes the Board of Directors to grant stock options to the Optionees on the following terms:

1. The maximum number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding common shares of the Issuer at the time of grant, the exercise price of which, as determined by the board of directors in its sole discretion, shall not be less than the closing price of the Issuer's shares traded through the facilities of the TSXV prior to the

announcement of the option grant, or, if the shares are no longer listed for trading on the TSXV, then such other exchange or quotation system on which the shares are listed or quoted for trading.

2. The board of directors shall not grant options to any one person in any 12-month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Issuer or to any one consultant or to those persons employed by the Issuer who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Issuer.
3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding five years from the date on which the board of directors grant and announce the granting of the option.
4. If the option holder ceases to be a director of the Issuer or ceases to be employed by the Issuer (other than by reason of death), or ceases to be a consultant of the Issuer as the case may be, then the option granted shall expire on a date stipulated by the Board at its discretion and, in any event, must terminate no later than the 90th day following the date that the option holder ceases to be a director, ceases to be employed by the Issuer or ceases to be a consultant of the Issuer, subject to the terms and conditions set out in the Stock Option Plan.

In accordance with the policies of the TSXV, a plan with a rolling 10% maximum must be confirmed by shareholders at each annual general meeting.

Employment, consulting and management agreements

Except as described below, the Issuer does not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Issuer or a change in an NEO's responsibilities.

The Issuer previously entered into a consulting agreement dated February 10, 2006, as amended, with Waterfront Capital Partners Inc., formerly Criterion Capital Corporation (a corporation controlled by Douglas L. Mason, a former director of the Issuer) under which the Issuer was required to pay a consulting fee equal to \$2,500 per month, and additionally, the Issuer previously entered into a consulting agreement dated October 1, 2008, as amended, with Sead Hamzagic, Inc. (a corporation controlled by Sead Hamzagic, a former director of the Issuer) under which the Issuer was required to pay a consulting fee of \$2,500 per month (collectively the "Consulting Agreements"). As of November 30, 2018, the Issuer terminated the Consulting Agreements, and in connection therewith, paid a termination fee of \$50,000 to each of the two consulting companies.

On February 14, 2020, the Issuer entered into a consulting agreement ("Sutton Agreement") with Sutton Ventures Ltd. The Sutton Agreement provides that Brayden Sutton will act as Chief Executive Officer for the Issuer for a fee of \$5,000 per month. The Sutton Agreement may be terminated by either party on 60 days' written notice.

Oversight and Description of Director and Named Executive Officer Compensation

The objective of the Issuer's compensation program is to compensate the executive officers for their services to the Issuer at a level that is both in line with the Issuer's fiscal resources and competitive with companies at a similar stage of development. The Issuer's board oversees compensation for the Issuer. Mr. Joshua Taylor and Mr. Corey Larricq are independent. The Issuer has not adopted a formal charter.

The Issuer does not have a formal compensation program. The Board meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Issuer's compensation strategy are to (a) compensate management in a manner that encourages and rewards

a high level of performance and results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other junior venture companies to enable the Issuer to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Issuer is under by virtue of the fact that it is a junior venture company without a history of earnings. The Board, as a whole, ensures that total compensation paid to all NEOs is fair and reasonable. The Board relies on the education and experience of its members, as officers and directors with other companies, in assessing compensation levels.

Compensation for this fiscal year and prior fiscal years have historically been based upon a negotiated salary, with stock options and bonuses potentially being issued and paid as an incentive for performance.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Issuer's financial resources and prospects.

Pension Disclosure

The Issuer does not have any pension or retirement plan which is applicable to the NEOs or directors. The Issuer has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of the Issuer, in connection with or related to the retirement, termination or resignation of such person, and the Issuer has provided no compensation to any such person as a result of a change of control of the Issuer.

Securities Authorized for Issuance under Equity Compensation Plans

The Stock Option Plan is the Issuer's only equity compensation plan. The following table sets forth information with respect to the options outstanding under the Stock Option Plan as at the financial year ended December 31, 2020.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in Column (a))
Equity compensation plans approved by securityholders	85,000	\$1.00	1,225,182
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	85,000		1,225,182

Management Contracts

There are no management functions of the Issuer, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Issuer.

Legal Proceedings

There are no legal proceedings to which the Issuer is a party, or of which any of its property is the subject matter, and no such proceedings are known to the Issuer to be contemplated.

Auditor, Transfer Agent and Registrar

The auditor of the Issuer is Smythe LLP, Chartered Professional Accountants, Suite 1700-475 Howe Street, Vancouver, British Columbia V6C 2B4.

The registrar and transfer agent of the Common Shares is Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

Material Contracts

The sole material contract of the Issuer that are outstanding as of the date of this Circular is the Acquisition Agreement dated March 15, 2021 between the Issuer, the Target and the Target Shareholders. See *“Information Concerning the Transaction”* for further particulars.

All of the contracts specified above are filed on SEDAR at www.sedar.com and may be inspected without charge at the Issuer’s registered and records office at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 during normal business hours until the Closing Date and for a period of 30 days thereafter.

SCHEDULE B**INFORMATION CONCERNING THE TARGET**

The following information has been provided by the Target and reflects the current business, financial and share capital position of the Target. See "Information Concerning the Resulting Issuer" for pro forma business, financial and share capital information following the completion of the Transaction and Financing. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Circular to which this Schedule "B" is attached.

Corporate Structure

The Target was incorporated under the CBCA on March 1, 2019. The Target maintains a head office at 151 West 2nd Avenue, Vancouver, British Columbia, V5Y 0L8 and a registered office at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4. The Target has no subsidiaries.

Following completion of the Transaction, the Target will become a wholly owned subsidiary of the Resulting Issuer.

General Development of the Business**Three Year History**

The Target was incorporated on March 1, 2019 under the CBCA and remained largely inactive until October 1, 2020. On that date, the Target entered into an asset purchase agreement with Sutton Ventures Ltd., a company owned and controlled by Brayden Sutton and his spouse, and TJT Ventures Ltd., a company owned and controlled by Thomas Joshua Taylor, both directors of the Issuer, to acquire certain intangible and intellectual property assets beneficially owned by them, including trademark applications, domain names and social media accounts. As consideration therefore, the Target issued an aggregate of 10,000,000 Target Shares.

On November 16, 2020, the Target entered into a manufacturing and co-packing agreement with Black Rose in respect of the 'Canna BeansTM' edibles brand held by the Target. Pursuant to the agreement, the Target will engage Black Rose to manufacture, co-pack and distribute a cannabis chocolate covered coffee mean using Black Roses services, facilities, equipment, distillate or extract, and licenses under the Cannabis Act, which will be provided at cost. The Target will supply all branding and marketing, at a minimum budget of \$28,500 per quarter per province, relating to manufacturing the Canna Beans products. Gross revenues from the Canna Beans product will be split evenly between the parties. The agreement has a two-year term with one-year automatic renewals to a maximum of five years. Black Rose does not yet hold the required licenses under the Cannabis Act for processing and sales of edibles required for production of the products to begin but has made the required applications with Health Canada and anticipates receipt of its processing license in Q2 2021.

On November 23, 2020, the Target entered into an agreement for an extracting and processing partnership with Habitat regarding the development of the 'Solventless SolutionsTM' cannabis concentrate brand held by the Target. Pursuant to the agreement, the Target will engage Habitat for an extraction and processing partnership for the development of cannabis concentrate product. Habitat is to supply no less than 40% of its total biomass at an agreed cost. The Target has the option to expand its production beyond what Habitat can supply by sourcing external biomass for processing for a 10% fee for use of the facility. Gross revenues from the Solventless solutions products will be split evenly between the parties. The agreement has a two-year term with one-year automatic renewals to a maximum of five years. Habitat does not yet hold the required licenses under the Cannabis Act for processing and sales of concentrates required for production of the products to begin, but has made the required applications with Health Canada and anticipates receipt of its processing license in Q2 2021. Habitat currently holds a micro-cultivation license under the Cannabis Act.

On February 1, 2021, the Target completed a non-brokered private placement of 2,500,000 Target Shares at a price of \$0.14 per Target Share to generate aggregate funds of \$350,000 for the further development of its business.

No significant acquisitions or significant dispositions have been completed by the Target since incorporation or are contemplated, with the exception of the Transaction.

No significant acquisitions or significant dispositions have been completed by the Target since incorporation or are contemplated.

Business of the Target

As stated above, the Target is a private entity incorporated pursuant to the CBCA. The Target intends to capitalize on the international cachet created by the well-known standard of excellence and recognition of the BC craft cannabis industry. The Target's products will include flowers, edibles, beverages, apparel and concentrates.

The Target is not a license holder under the Cannabis Act and does intend in the short term to apply for such license. The Target instead will capitalize on relationships with existing license holders to manufacture and develop its products for sale, allowing the Target to focus on branding and marketing. Once demand for the Target's products has developed, the Target may look to constructing its own facilities and applying for licenses under the Cannabis Act.

The Target has entered into manufacturing and joint venture arrangements with Black Rose and Habitat for the production of its initial product launch, being Canna Bean TM, a dark chocolate covered coffee bean with 1 mg of THC, and Solventless Concentrate products from the Target's proposed Solventless Solutions TM product line. As of the date of this Circular, Black Rose holds a standard cultivation license, a standard processing license and a license to sell for medical purposes and Habitat holds a micro-cultivation license, which licenses do not permit the processing and sales of the Target's products. Black Rose has applied for a license amendment in order to be able to process edible cannabis products and to sell them to provincially and territorially authorized retailers and Habitat has applied for a micro-processing and sales license. Black Rose and Habitat anticipate receipt of the required licenses or license amendments in Q2 2021 or early Q3 2021, following which sales of the Target's cannabis products will commence.

The Target is also pursuing a vape product and the development of a 'Buds' beverage line, including a non-alcoholic beer.

The primary source of revenue for the Target, is anticipated to be through direct sales by its license holder partners to distributors supplying provincially authorized adult use retailers.

Overview of the Cannabis Industry and Cannabis License Process

Cannabis

The terms cannabis and marijuana are used interchangeably in Canada. The two main types of cannabis/marijuana are the sativa and indica plants, with hybrid strains being created when the genetics of each are crossed. Within each type of cannabis, there are hundreds of different phytochemical compounds, including many different cannabinoids (the most common being delta-9-tetrahydrocannabinol ("THC") which is the psychoactive ingredient, and cannabidiol ("CBD") which is responsible for many of the non-psychoactive effects of medical marijuana.

Cannabis can be used for either recreational or medicinal purposes and typically comes in the form of dried plant; powder form, resin or oil. Using cannabis for medical use was legalized in Canada in 2001. Using cannabis for recreational use was legalized in Canada in 2018.

History of Statutory Regime in Canada

The MMAR and MMRP

The MMAR were implemented by Health Canada in 2001 thereby legalizing the use of medical marijuana in Canada. Under the MMAR, a patient could grow cannabis themselves or have it grown for them by a designated person in compliance with the provisions of the MMAR.

Health Canada replaced the MMAR with the MMRP in 2014. The MMRP was a set of rules and regulations for growing, buying and selling medical marijuana in Canada. Under the MMRP, physicians were allowed to prescribe medical cannabis to their patients and the patients were required to purchase their medical marijuana from a licensed producer under the MMRP. Under the MMRP, producing marijuana in a home or private dwelling was made illegal.

On February 24, 2016, a Federal Court of Canada decision rendered in *Allard v. Canada*, 2016 FCC 26, found that requiring individuals to obtain marijuana strictly from licensed producers violated an individual's right to liberty and security under section 7 of the Canadian Charter of Rights and Freedoms. The Court reasoned that the restrictions enforced under the MMRP denied reasonable access for those individuals that required marijuana for medical purposes. The Court ultimately repealed the MMRP, which repeal was suspended for six months to allow the Government to amend the MMRP or issue new regulations. On August 24, 2016, the ACMPR came into force, thereby replacing the MMRP as the regulations governing medical marijuana in Canada.

The ACMPR are very similar to the former MMRP but restored the ability for a patient to grow their own cannabis at home or to designate a third-party grower, similar to the former MMAR provisions.

The ACMPR

From August 24, 2016 until October 17, 2018, cannabis in Canada was regulated by the CDSA, the ACMPR and the Narcotic Control Regulations, as well as other applicable laws and regulations. During this period, Health Canada was the primary regulator of the medical cannabis industry as a whole.

Until the Cannabis Act came into effect, cannabis was a Schedule II drug under the CDSA and unless otherwise regulated for production and distribution for medical purposes, was subject to offences under the CDSA. The ACMPR regulated the use, production and distribution of medical marijuana in Canada. Its purpose was to treat cannabis like any other narcotic used for medical purposes by creating conditions for a commercial industry that was responsible for its production and distribution. Under the ACMPR, licensed producers and sellers were permitted to sell fresh or dried marijuana or cannabis oil for medical purposes.

Current Statutory Regime in Canada

On April 13, 2017, the Government introduced the Cannabis Act in the House of Commons, with the intention that it establish a framework for the legalization of cannabis in Canada. The Cannabis Act received Royal Assent and was enacted on June 21, 2018 and came into force effective October 17, 2018.

Under the Cannabis Act, adults who are 18 years or older are able to legally:

- possess in a public place up to 30 grams of legal dried cannabis or equivalent in non-dried form;
- distribute up to 30 grams of legal cannabis to other adults;
- purchase dried or fresh cannabis and cannabis oil from a provincially licensed retailer; (In those provinces that have not yet or choose not to put in place a regulated retail framework, individuals are able to purchase cannabis online from a federally licensed producer.);

- grow up to 4 cannabis plants per residence for personal use from licensed seed or seedlings (regardless of the number of adults that reside at the residence); and
- make cannabis products, such as food and drinks, at home provided that organic solvents are not used.

The federal, provincial and territorial governments share responsibility for overseeing this new system. The Government's responsibility is to set strict requirements for producers who grow and manufacture cannabis and to set industry-wide rules and standards relating to: the types of cannabis products that can be sold, packaging and labeling requirements for products, standard serving sizes and potency, prohibiting the use of certain ingredients, good production practices, tracking of cannabis from seed to sale to prevent diversion to the illicit market and restrictions on promotional activities. The provinces and territories license and oversee the distribution and sale of cannabis, subject to federal conditions. They may also increase the minimum age in their province or territory (but not lower it), restrict where cannabis can be consumed and regulate a range of other matters.

In connection with the new framework for regulating cannabis in Canada, the Government has introduced new penalties under the *Criminal Code* (Canada), including penalties for the illegal sale of cannabis, possession of cannabis over the prescribed limit, production of cannabis beyond personal cultivation limits, taking cannabis across the Canadian border, giving or selling cannabis to a youth and involving a youth to commit a cannabis-related offence.

The governments of all of the provinces and territories of Canada have announced regulatory regimes for the distribution and sale of legal cannabis within their jurisdictions. Most of the Canadian jurisdictions have announced a minimum age of 19 years old, except for Quebec and Alberta, where the minimum age is 18. Ontario, Quebec, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and the Northwest Territories have chosen the government-regulated model for distribution; whereas, Saskatchewan and Newfoundland & Labrador have opted for a private sector approach. Alberta and British Columbia have announced plans to pursue a hybrid approval of public and private sale and distribution.

Regulations to support the coming into force of the Cannabis Act came into force at the same time as the Cannabis Act, on October 17, 2018.

When the Cannabis Act and its regulations came into force on October 17, 2018, cannabis ceased to be regulated under the CDSA and is now regulated under the Cannabis Act instead. At the same time, the Government repealed two regulations under the CDSA: (i) ACMPR and (ii) the Industrial Hemp Regulations. Certain regulations under the Food and Drugs Act were also amended, including the Cannabis Exemption (Food and Drugs Act) Regulations and Natural Health Products Regulations.

As set out in the Cannabis Regulations:

- licenses are required for: cultivating and processing cannabis; sale of cannabis for medical purposes; and analytical testing of and research with cannabis
- permits are required to import or export cannabis for: scientific or medical purposes; or industrial hemp
- license holders are subject to strict physical and personnel security requirements
- plain packaging is required for cannabis products: the Cannabis Regulations set out strict requirements for logos, colours and branding; cannabis products must also be labelled with mandatory health warnings, standardized cannabis symbol and specific information about the product
- access to cannabis for medical purposes will continue to be provided for patients who need it. The Cannabis Regulations have substantively incorporated the rules for access to cannabis for medical purposes as

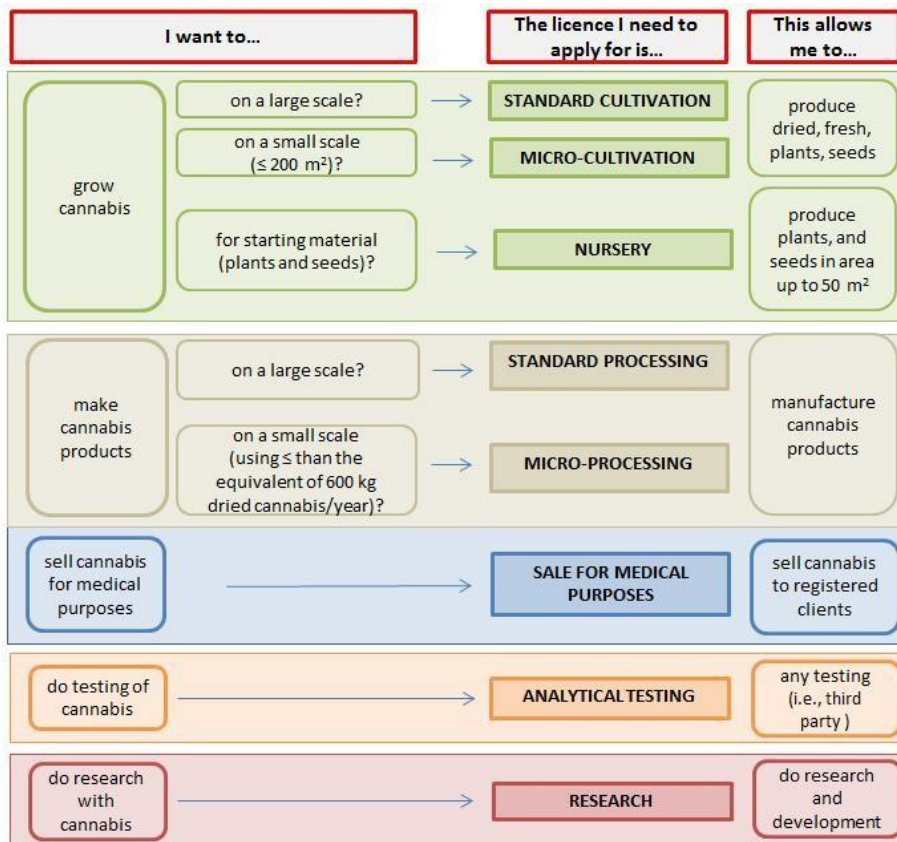
previously set out in the ACMPR. Certain changes have also been made to create consistency with rules for non-medical use of cannabis, to improve patient access and to reduce the risk of abuse of the system

- manufacturers of prescription drugs containing cannabis, while primarily subject to the Food and Drugs Act and its Regulations, are now also subject to certain regulatory requirements set out in the Cannabis Regulations.

The Government has indicated that it will monitor and evaluate patients’ reasonable access to cannabis for medical purposes during the implementation of the new law, and then evaluate the medical access framework within five years of implementation of the new law.

On October 17, 2019, three new classes of cannabis products became legalized in Canada, being edibles, topicals and extracts. Commencing on October 17, 2019, Health Canada began accepting applications from Cannabis License holders to amend their existing licenses to produce and sell products within these classes and such license holders must give Health Canada 60 days written notice before introducing any new product for sale.

Figure 1 below provides an overview of the classes and subclasses of licenses available:



Source: <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licensees-applicants/licensing-summary/guide.html>

A holder of a standard cultivation license is authorized to possess cannabis and obtain dried/fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis. The standard cultivation license also allows the holder to sell and distribute the aforementioned types of cannabis to various entities enumerated under the Cannabis Regulations, including other federal licence holders or provincially/territorially authorized sellers.

A standard processing license authorizes the holder to possess, produce, and sell cannabis. With respect to sale of recreational cannabis, a standard processing license would authorize the intra-industry sale of recreational cannabis to other federal licence holders or provincially/territorially authorized sellers.

A holder of a medical sales license is authorized to possess cannabis products and sell cannabis products to other federal licence holders and cannabis products, other than cannabis plants and cannabis plant seeds, to a hospital employee within the confines of their employee duties. In addition to the above licences, in order to cultivate, produce, package, and sell cannabis, one needs to obtain a cannabis sales licence under the Excise Act (Canada). Holders of standard cultivation licenses and standard processing licenses who wished to produce the cannabis products following the October 17, 2019, amendments to the Cannabis Regulations require amendments to their licenses. Additionally, under Section 244 of the Cannabis Regulations, licence holders need to provide Health Canada with a 60-day notice, referred to as a “notification of new cannabis products”, when they develop a new SKU they wish to sell.

Narrative Description of the Business

General

The Target is an early-stage company pursuing premium recreational cannabis products in the cannabis industry through manufacturing and joint venture agreements with license holders under the Cannabis Act. The Target is not a licensed producer and holds no cannabis licenses. Its expected branded products will include flower products, edibles under the brand ‘Canna Beans’, concentrates sold as Solventless Solutions, ‘Buds’ beverages line and select lifestyle apparel.

The Target’s business model will be centered initially around strategic manufacturing and distribution agreements and joint venture agreements with established licensed producers. The Target has contract manufacturing relationships with two license holders that will provide a ready market for their products. The Target’s products will include flowers, edibles, solutions, beverages, and apparel. This joint venture model will allow the Target to leverage established producers and focus on product branding, sales, and distribution rather than production. This strategy allows the Target to avoid the risk, capital expenditures, and lengthy licensing requirements associated with owning its own cultivation infrastructure. Strategic alliance agreements are in place with Black Rose and Habitat.

The Target does not hold a license to cultivate, process or sell cannabis products and is currently dependent upon the receipt of licensing by its third-party partners. As a result, the Target is in the development stage with no current material operating income cash flow or revenues. The receipt of such licensing is outside the control of the Target. At this time, the Resulting Issuer cannot provide substantive guidance on when either of Black Rose or Habitat might receive the required licensing for the development of the Target’s products. Until those licenses are received, the Resulting Issuer cannot commence operations.

Principal Products

As at the date of this Circular, the Target is dependent upon the receipt by Black Rose and Habitat of the necessary licensing under the Cannabis Act before it may develop and sell its products. Consequently, the Target currently has no principal products and services.

Through its relationships with third party partners, the Target will develop (a) flower for use in concentrates, consumables and recreational use using its proprietary genetics, (b) edibles, initially through CannaBeans™, a chocolate covered coffee bean wit cannabis, (c) beverages, including a non-alcoholic beer and future research and development into infused waters and other beverage classes, (d) concentrates through the Solventless Solutions™ brand which will include vaporizer cartridges and other concentrates and (e) an apparel line.

Production and Sales

The Target will not be able to cultivate, produce or sell cannabis as it holds no licenses under the Cannabis Act. The Target will be dependent on the licenses of its third-party partners, initially being Black Rose and Habitat, to produce and sell cannabis products to other federal license holders or provincially/territorially-authorized sellers.

Competitive Conditions and Position

The Target will be competing with other licensed cannabis producers and vendors in Canada.

The current market of producers of cannabis for medical and recreational purposes is controlled by several large-scale license holders in Canada such as Canopy Growth Corporation, Tilray Inc., Aphria Inc. and Aurora Cannabis Inc. As of the date of this Circular, there are approximately 692 cultivators, processors and sellers that hold a license issued by Health Canada under the Cannabis Regulations (as posted on Health Canada's website: <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licensees-applicants/licensed-cultivators-processors-sellers.html>).

The Target anticipates that competition from new participants into the market will increase in the short-to-mid-term, as existing applications in queue with Health Canada are processed and approved. Consolidation in this industry has already started, and management of the Target believes that it will likely continue and increase as more producers and vendors are licensed by Health Canada under the new Cannabis Act. There is thus a likelihood that the Target will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than the Target.

The Target plans to mitigate these competitive risks by focusing on the 'craft' market segment.

Market and Trends

The BC and Canadian Cannabis Markets

The federal government legalized recreational cannabis on October 17th, 2018, Licensed Producers (LPs), operate concurrently across both the medical and adult-use markets and are responsible for cannabis cultivation through to distribution to either authorized patients or provincial liquor boards. Sales at cannabis stores in the first three months after legalization totaled \$151.5 million and reached \$907.8 million for the period from October 2018 to September 2019 according to Statistics Canada. Total sales of dried cannabis in Quarter 3, 2019 increased by 32.4% compared to Quarter 2, 2019 (from 28,394 kilograms to 37,588 kilograms), while total sales of cannabis oil increased by 15.7% (from 27,692 liters to 32,032 liters) during the same period.

In April of 2020, Statista¹ reported that due to a surge in demand in the wake of the coronavirus lockdown, the province of British Columbia witnessed an increase of sales and a marked decline in cannabis inventory carry, from an average of 7.3 weeks pre-COVID crisis to about 4.2 weeks as of March 24, 2020. The upswing in the market due to COVID-19 could be impacting the cannabis market for some time to come. Based on this information, one could expect a new injection will be required to maintain the cannabis inventory demanded by users. Statista further stated that due to COVID-19, users went from 7.4% of Canada's population to 17%. This, along with the introduction of new categories of products in Canada, will have a positive impact on sales.

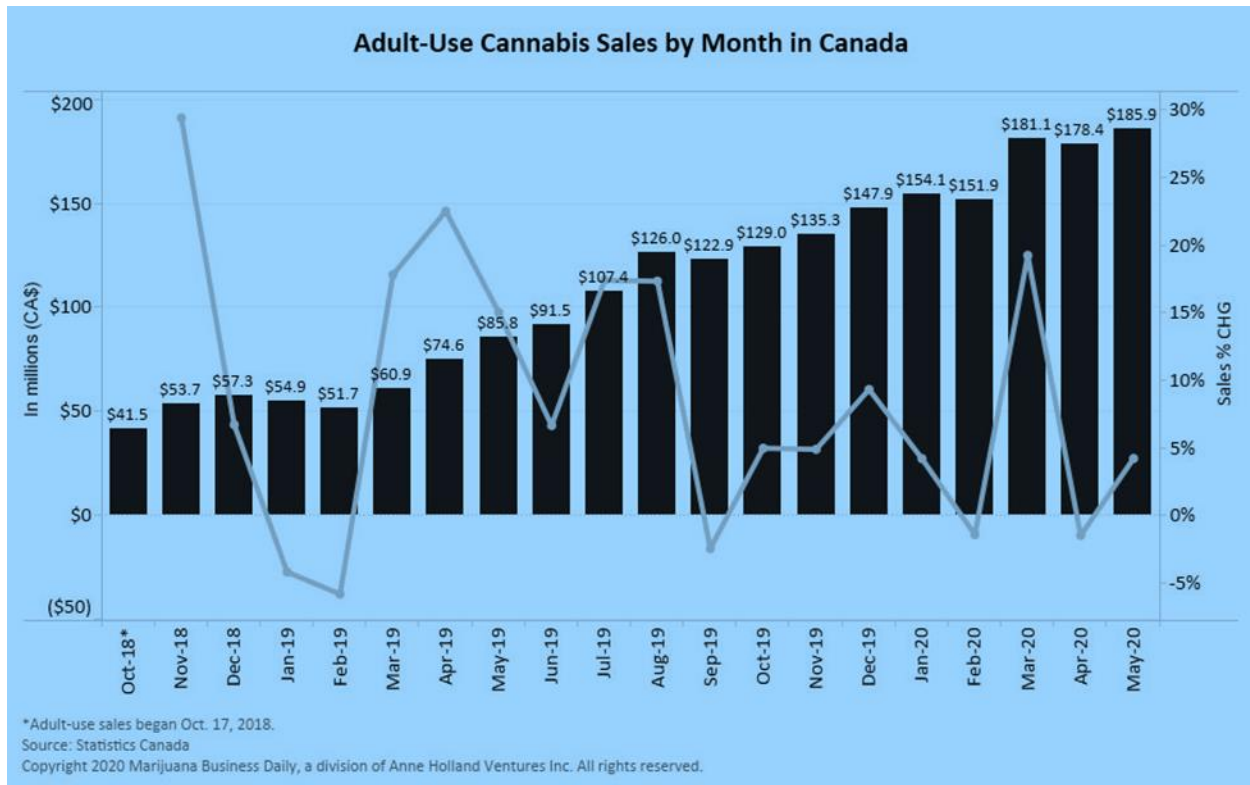
¹ April 20, 2020. Statista. <https://www.statista.com/topics/4500/recreational-marijuana-in-canada/>

ArcView and BDS Analytics forecast CD \$2.8 billion in sales for 2020², and stated that in April of this year in BC, the nation’s third-largest market, there was a 13.8% monthly increase to CA \$27.1 million recorded³. Canadian cannabis market has been growing steadily.

After legalization, an estimated 29.4% of cannabis users or 1.5 million Canadians obtained cannabis and cannabis products from legal sources, compared with about 10.7% before recreation cannabis legalization⁴.

Deloitte’s 2019 Cannabis Report calls the new wave of products “Cannabis 2.0” and says there is “significant opportunity” in soon-to-be legal markets for marijuana-infused beverages (CA \$529 million), topicals (CA\$174 million), concentrates (CA \$140 million), tinctures (CA \$116 million) and capsules (CA \$114 million).⁵ The cannabis market is poised to have a major effect overall on Canada’s economy. A study from Deloitte Private pegged the potential economic impact of legalized recreational marijuana in Canada at more than \$22 billion, including transportation, licensing fees and security.

According to the CIBC analysts forecast, the investment banking subsidiary of the Canadian Imperial Bank of Commerce, the Canadian cannabis adult-use market will have a retail value of \$4.1 billion in 2021⁶. ArcView and BDS Analytics ⁷ states that Canada's "Cannabis 2.0" policy expanded product offerings beyond flower and oil will impact sales, and that sales are projected to continue to accelerate due to these new categories.



² ArcView & BDS Analytics. BDSA August 2020. The State of Legal Cannabis Markets Key Insights from the 2020 Update. <https://bdsa.com/global-cannabis-market-to-hit-42-7-billion-by-2024-according-to-updated-report-from-arcview-group-bds-analytics/>

³ IBID. BDS Analytics August 2020.

⁴ ArcView & BDS Analytics. BDS Analytics August 2020. [https://research.arcviewgroup.com/solcm8/The 8th edition of The State of Legal Cannabis Markets](https://research.arcviewgroup.com/solcm8/The%208th%20edition%20of%20The%20State%20of%20Legal%20Cannabis%20Markets)

⁵ Deloitte. May 2019. <https://www2.deloitte.com/ca/en/pages/consumer-industrial-products/articles/nurturing-new-growth.html?icid=cannabis2>

⁶ May 19, 2020. Motley Fool. <https://www.fool.com/investing/2020/05/19/did-you-give-up-too-soon-on-marijuana-stocks.aspx>

⁷ April 28, 2020. State of the Legal Cannabis Market. <https://www.statista.com/topics/4500/recreational-marijuana-in-canada/>

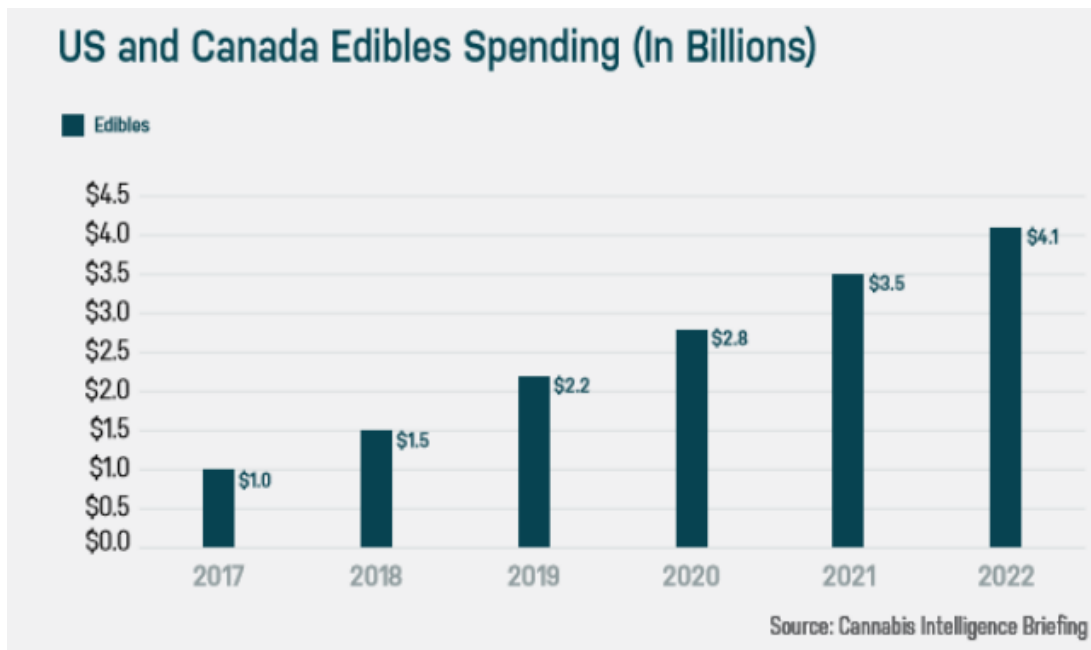
Cannabis 2.0 Edibles and Concentrates

According to Statistics Canada, in July 2020, legal dried cannabis sales represented 72% of total sales, cannabis extracts sales represent 14% of total sales, and edibles represent 14% of total sales⁸.

ArcView & BDS Analytics states that edibles and concentrates have been the key drivers of market growth in legal US states and it is expected that those market segments will experience rapid growth in Canada⁹. This is due in part, to the fact that many consumers do not want to smoke the product and prefer to be more discrete in their use of cannabis.

Additionally, the "Future of Cannabis in Canada Report," produced by Valens and Resonance Consultancy, studied the most important factors driving the overall cannabis purchase experience and found that: "Having a convenient/easy shopping experience is clearly the #1 driver (31%), followed by having enough product available (17%)¹⁰."

BDS analytics indicates the market share is shifting towards new trends in use, particularly towards the use of concentrates and edibles¹¹, with concentrates and edibles to see continual growth and market share gains, and that beverages are a growing portion of the edibles market.



ArcView Market Research and BDS Analytics research company states that, "the result of international cannabis reform and regulations will be a \$57.3 billion industry in 2027, poised to grow for years to come."¹²

⁸ <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/market.html>

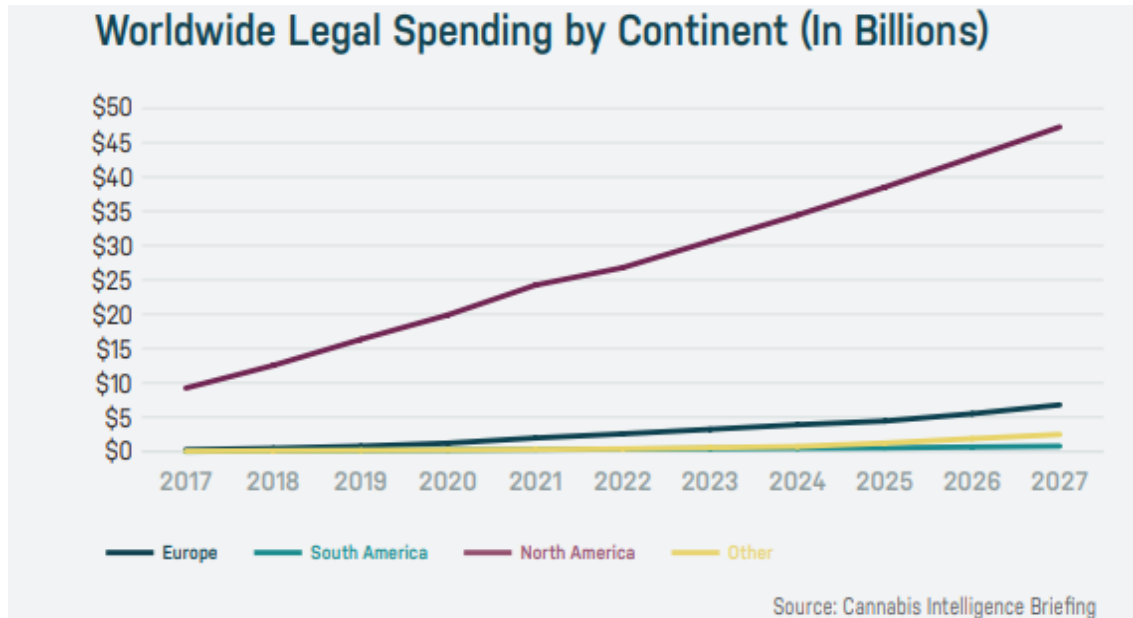
⁹ IBID. BDS Analytics August 2020

¹⁰ PR Newswire. October 16, 2020. <https://www.newswire.ca/news-releases/what-we-learned-after-two-years-of-legalized-cannabis-876315577.html>

¹¹ <https://bdsa.com/wp-content/uploads/2019/01/BDS-Analytics-Top-10-Trends-2019.pdf>

¹² ArcView & BDS Analytics August 2020. Intelligence Briefing. The Roadmap to a \$57 Billion Worldwide Market. <https://bdsa.com/wp-content/uploads/2019/06/Roadmap-Exec-Summ.pdf>

The report from cannabis industry analysts ArcView Market Research, in partnership with BDS Analytics, forecasts that the entire legal cannabis market in North America will reach US \$24.5 billion in sales, a 20% annual growth rate by 2021¹³.



Consumer Demographics

According to the Resonance 2018 survey, among the 27% of Canadian adults who say they have consumed any form of cannabis in the past year, 84% have consumed cannabis since legalization. Perhaps expectedly, more Canadians have started using cannabis after legalization: 5% more. As such, roughly one-third (32%) of Canadian adults are likely to use any form of cannabis in the next year.

Recreational use is concentrated among the young and youngish: 79% of 18- to 34-year-olds and 75% of 35- to 54-year-olds indulge recreationally. Still, 66% of the 55+ cannabis crowds also do it for fun. Hardly surprising, though, this generation came of age during the hippie movement.

Who are the Canadians most likely to consume cannabis in the next 12 months? It is the 18- to 34-year-olds (45%), with intent trending down for those aged 35 to 54 (31%) and 55+ (24%). With 34% of the province's population planning to get stoned in the coming year, British Columbians seem determined to out-weed the rest of Canada followed by residents of Ontario (33%), Alberta (31%), Quebec (29%), and Saskatchewan/Manitoba (28%).

Reasons for use range but fun and recreation (74%) are secondary to relaxation (79%) though some might argue that relaxing is a kind of recreation. Relieving stress (69%) and aiding sleep (60%) are other common uses. More than half of users (55%) regularly/occasionally consume cannabis to reduce anxiety, while half use it to provide relief for a medical illness/condition, and 46% use cannabis to „help them escape’.

Among cannabis users, more than 68% of past-year cannabis users regularly or occasionally smoke cannabis in a joint. Although 67% of cannabis users have never consumed edibles, only one-third (36%) regularly or occasionally do. Vaping comes in third for how Canadian cannabis users consume, with 30% regularly or occasionally doing so. Cannabis oils come in fourth, at 27% of regular or occasional use. But the joint has some upcoming competition,

¹³ ArcView & BDS Analytics. BDS Analytics August 2020. [https://research.arcviewgroup.com/solcm8/The 8th edition of The State of Legal Cannabis Markets](https://research.arcviewgroup.com/solcm8/The%208th%20edition%20of%20The%20State%20of%20Legal%20Cannabis%20Markets)

with 58% of cannabis users saying they are likely to consume edibles in the future, while 44% are likely to use cannabis oil.

Retail Market Trends

According to BDS Analytics, there is a lot to be learned from the US markets' successes and challenges. Product innovation is driving an increase in the market and there is a sharp rise in consumables and marketable cannabis related products¹⁴.

Furthermore, BDS research has shown that the percentage of consumers among the Canadian adult legal population has grown from 54% in 2018 to 63% percent in 2019. Further, the acceptance rate has grown from 26% to 35%.

The combination of consumer growth paired with Cannabis 2.0's new product rollout results in big opportunities for retailers and brands to innovate for specific consumer segments. New consumers, new product categories and inevitable brand growth creates great opportunity for niche marketing, but hyper-awareness of consumer preferences and trends will make a difference when it comes to winning the Canadian retail market.

Deloitte recently stated that M&A has become a key lever for growth in the Canadian cannabis industry. Thorough due diligence, including integrity due diligence, is a critical part of any M&A strategy, and should not be overlooked¹⁵. The Target will use this strategy as a cornerstone of its business model.

This is where the Target can succeed. The Target's intense marketing plans for branding and building brand awareness coupled with BC's infamous BC Bud reputation, innovative cannabis, and cannabis related products, along with strategic M&A, will provide increased stability to help ensure success for the business.

Marketing Strategies

The Target's marketing strategy will focus on the historic and well-known international reputation of BC cannabis, affectionately known as "BC Bud" for several decades. The Target will highlight the concept of the grow process that reflects natural BC in all its branding and marketing. The focus will be on developing key partnerships with retail, with social media campaigns directed to retailers and distributors, and retail location canvassing.

All marketing will target the brand rather than the product, to meet Canadian advertising laws. Age-gating websites and social media profiles will be implemented.

Branding

As social media marketing continues to thrive, influencer marketing is rising as a primary advertising tactic for companies and business. The use of influencers could be seen as an endorsement under the cannabis promotion regulations. So, to ensure compliance with the law, influencers are highlighting the brand but not promoting products in their posts¹⁶. This is the main strategy that the Target will employ.

Brand Positioning

At its core, the Target is a consumer-focused provider of the quality that internationally known BC Bud was founded on. There is an opportunity to discreetly disrupt existing markets while introducing the Target's brand to emerging markets to establish itself as a market contender.

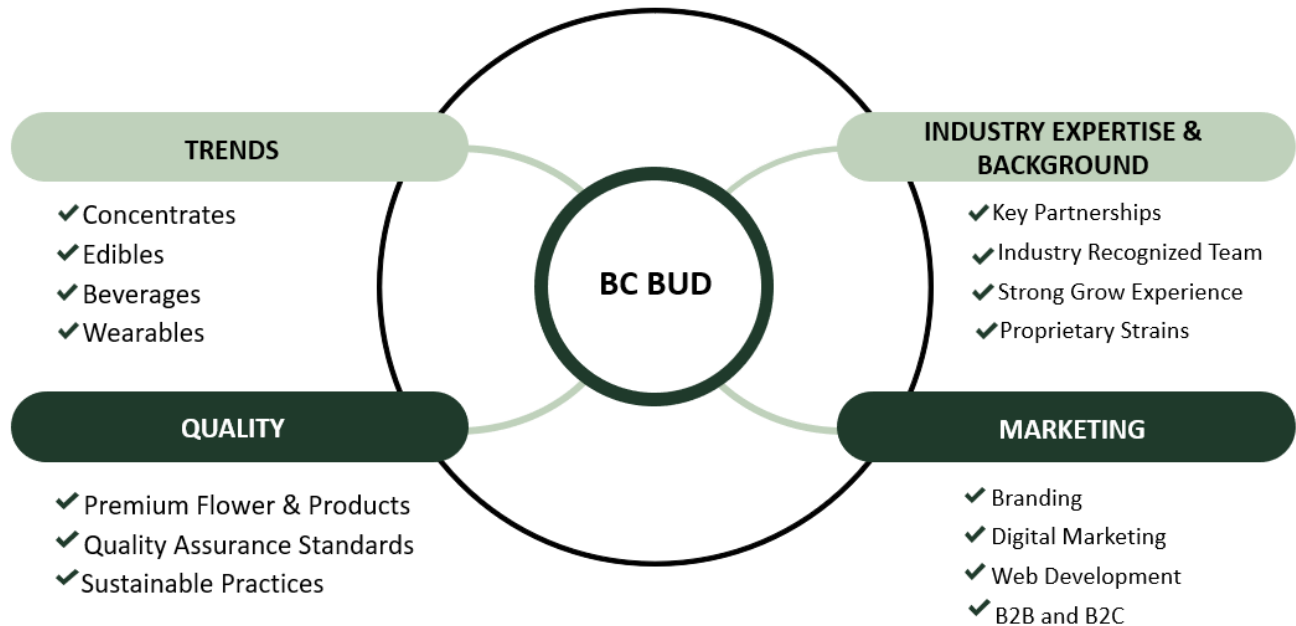
¹⁴ ArcView & BDS Analytics. BDS Analytics August 2020. [https://research.arcviewgroup.com/solcm8/The 8th edition of The State of Legal Cannabis Markets](https://research.arcviewgroup.com/solcm8/The%208th%20edition%20of%20The%20State%20of%20Legal%20Cannabis%20Markets)

¹⁵ Deloitte. <https://www2.deloitte.com/ca/en/pages/consumer-industrial-products/articles/nurturing-new-growth.html?icid=cannabis2>

¹⁶ <https://www.wiredmessenger.com/cannabis-advertising-laws/>

As a brand, the Target's character is a known quantity based on the integrity of its founders and the history of the production of quality products. The Target's brand will deliver impact through its advanced market branding which will appeal to the user looking to new trends.

In the cannabis market, the point of difference for the Target is founded on the early pre-market recognition of its brand and maintaining quality driven and innovative cannabis products.



Brand Development Targets

The Target has the following principal strategic aims for brand development.

- Develop digital assets for The BC Bud Co website and social media profiles.
- Continue to develop ongoing industry relationships.
- Develop in-house marketing & sales expertise.
- Develop effective sales performance targets.
- Administer the ongoing sales and marketing efforts.
- Maintain quality performance metrics for sales and marketing.
- Continued development of new markets.

SEO Ranking Features

The Target will utilize search engine optimization (SEO) services that will guarantee ranking with organic downloads, for ranking top 5 with Google Android apps for selected key words, and top 10 for keywords with iOS Apple products, with a well-balanced internal linking structure. Google +1's is given the most ranking recognition, followed closely by Facebook.

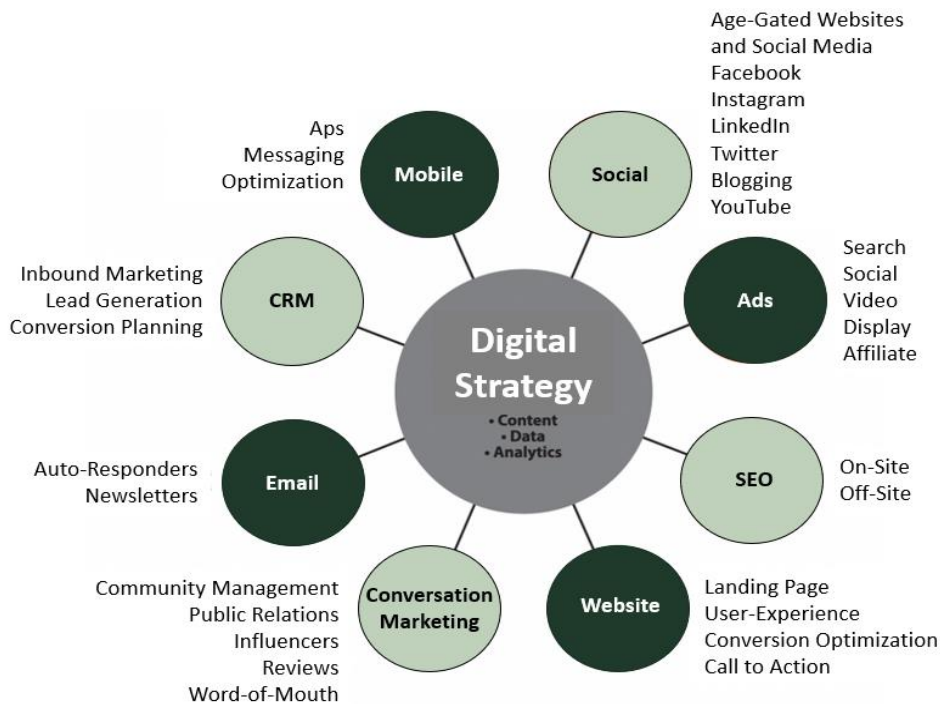
IoT

The concept of IoT helps in uniting everyday object through the medium of internet, and the Target will use the IoT to optimize market opportunities for the Target, by collecting ad metrics and melding them with interactive branding ads and billboards on popular and trending sites.

- Enhanced efficiency.
- Contemporary business opportunities.
- Stay competitive.
- Reach more targeted users.
- Increased sales.

Digital Marketing

Digital Marketing assists in channelizing marketing activities through the internet attached with electronic devices. The following diagram outlines some of the top digital marketing tools that the Target will use in marketing their brand.



The above diagram was adapted from steemit.com

AI

Artificial Intelligence systems are being used to evaluate and identify the most eye-catching and relevant advertisement to use for any online individual, by expanding on the development of audience profiles. This

process, often known as Dynamic Creative Optimization (DCO), begins with the system identifying user preferences. With this information, the Target can then determine the best targets for an ad campaign.

AI is becoming an ever more valuable tool in programmatic digital advertising through the process of Supply Path Optimization (SPO). Through this process, marketers can maximize every advertising dollar. SPO selects each possible avenue to deliver an advertisement to a given website or application, evaluates and compares the options offered by each ad publisher, and makes a choice that gives the Target the most economical option.

UI/UX Design in Marketing

The Target will use the best UI/UX design to attract online consumers and distributors. UX refers to the term “user experience design”, while UI stands for “user interface design”. User interface will provide valuable information for future branding and monetization purposes.

Communications Strategy

The current opportunities in place for the Target will be spearheaded by efforts to educate the target sectors across select markets. To achieve this, The Target’s communications strategy incorporates a marketing mix highlighting the Target’s brand, including B2B marketing, direct marketing, online marketing, partnerships, and referrals. All communications, marketing, and packaging will adhere to Canadian industry guidelines.

Market Opportunities

There are market opportunities available to BC Bud that will be considered moving forward:

- The retail consumer.
- The online consumer.
- Industry manufacturing relationships.
- Industry distribution relationships.
- Industry retailer relationships.
- The Target has a solid history of development and recognizable products.
- The Target has industry recognized experts.

B2B Marketing

Communication efforts will be spearheaded for the B2B customer. Marketing will include virtual corporate presentations which will feature staff and operations, branding advertisements, and the website.

Direct Marketing

Direct marketing efforts will include reaching target audiences through continuing to build on the existing industry relationships for manufacturing, distribution and retailing, as well as multi-channel brand advertising.

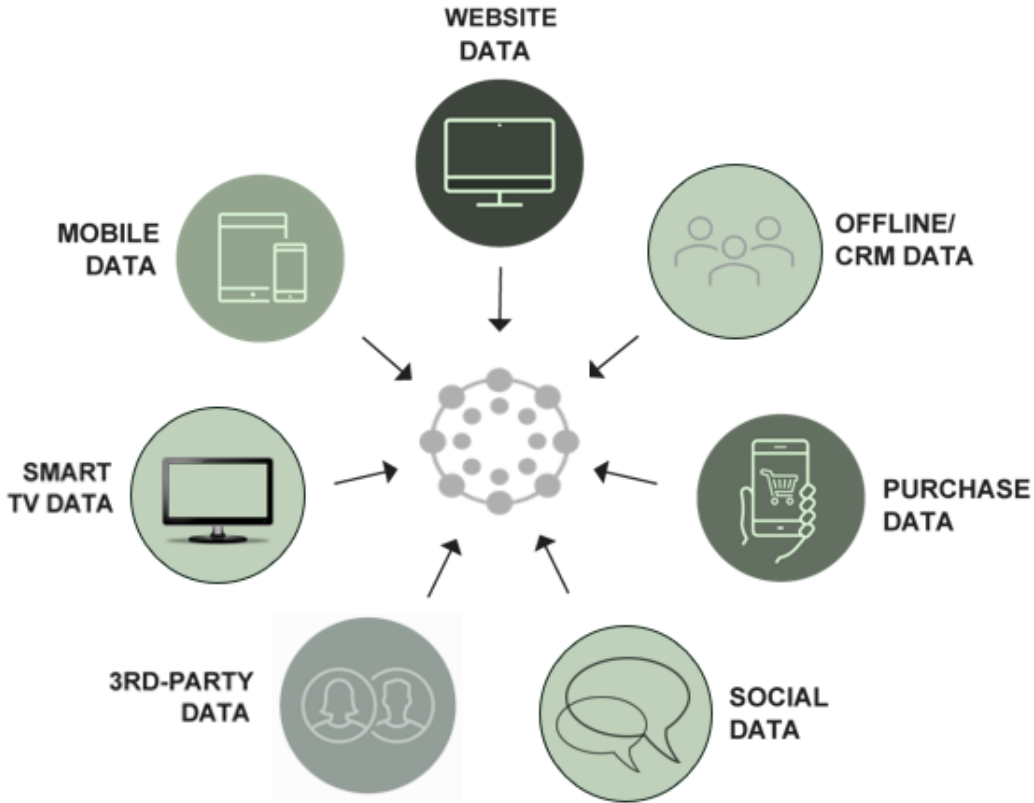
Online Marketing

Efficient online marketing strategies are a crucial component of the Target’s marketing and communications strategy. The Company will utilize proven online marketing strategies that focus on the Target’s brand.

Web Development Plan

The Target will develop its corporate website www.thebcbc.com, which hosts information about the Target, its products and operations. The purpose of the Web Development Plan is to ensure a central platform that reinforces that the Target’s brand messaging is available to the target demographic and the public at large. The Target will utilize this platform to build brand presence, retail sales including apparel, and Ecommerce opportunities.

Monetization of Social Media



Strategic Alliances and Referrals

The Target will leverage existing relationships and alliances with industry professionals and selected organizations that will assist the Target in raising awareness of their brand. Management will foster ongoing relationships with strategic partners and develop new ones.

Employees

As of the date of this Listing Statement, the Target had nil employees and four consultants, all located in Canada and focused on quality assurance. It is anticipated that following increased demand for the Target’s products, the Target will hire additional employees. The Resulting Issuer will need to either divert funds from its existing budgets or raise additional funds in order to engage additional consultants or hire new employees. At this time, the Resulting Issuer has prioritized marketing its brand portfolio.

Specialized Skill and Knowledge

All aspects of the Target's business require specialized skills and knowledge. Such skills and knowledge include the areas of cultivation and growing of cannabis, and more specifically the unique requirements of Cannabis Act. The Target's employees are not covered by any collective bargaining agreement or represented by a trade union. The Target will be dependent on the expertise and industry contacts of its founders, Brayden Sutton and Thomas Joshua Taylor. The Target does not hold key man insurance.

Components

The Target's partners source their raw materials locally and does not foresee any issues with availability of such raw materials. As of the date of this Circular, the Target has not entered into any agreements for the supply of biomass and may never do so.

Proprietary Protections

The Target will analyze its unregistered intellectual property to determine whether there are further opportunities for protection. The Resulting Issuer anticipates it will seek additional trademarks and related protections for its brand names and that its commercial success will depend, in part, on its intellectual property rights. Its success will also depend in part on its ability to develop products, protect its trade secrets and operate without infringing third-party exclusive rights or without others infringing its exclusive rights or those granted to it under a license.

The Resulting Issuer could incur significant costs in defending itself in intellectual property infringement proceedings initiated against it. Claims that the Resulting Issuer's products infringe on intellectual property rights of others could be costly to defend or settle, could cause reputational injury and would divert the attention of the Resulting Issuer's management and key personnel, which in turn could have a material adverse effect on its business, results of operations, financial condition and cash flows.

A failure by the Resulting Issuer to protect its intellectual property may have a material adverse effect on its ability to develop and commercialize products. The Resulting Issuer will be able to protect its intellectual property rights from unauthorized use by third parties only to the extent that its intellectual property rights are covered and protected by valid and enforceable patents or are effectively maintained as trade secrets.

Cycles

The business of medical and recreational cannabis is neither cyclical nor seasonal. Product demand is not a factor of season or markets. As a result, the Target does not expect its business to be cyclical or seasonal.

Economic Dependence

The Target's business will initially be substantially dependent on its agreements with Black Rose and Habitat. A loss of those agreements would materially impact the Target's business and financial condition.

Changes to Contracts

It is not expected that the Target's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

Environmental Protection

The Target does not expect that there will be any significant financial or operational effects as a result of environmental protection requirements on its capital expenditures, profit or loss, or the competitive position of the Target in the current fiscal year or in future years.

Foreign Operations

The Target does not anticipate having any operations outside of Canada at this time, due to differences in the foreign legal frameworks and regulations governing medicinal and recreational cannabis use.

Lending

The Target has not adopted any specific policies or restrictions regarding investments or lending.

Bankruptcy and Similar Procedures

There are no bankruptcies, receivership or similar proceedings against the Target, nor is the Target aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by the Target.

Reorganization

The Target has not completed any reorganizations since its incorporation.

Social and Environmental Policies

The Target does not expect to adopt any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its facilities or human rights policies). However, the Target's management, with the assistance of its contractors and advisors, will ensure its ongoing compliance with local laws in the jurisdictions in which it does business.

Selected Financial Information**Annual Information**

The following table sets out certain selected financial information of the Target for the financial years ended February 28, 2020 and February 29, 2021. Please refer to Schedule "F" for the Target's audited financial statements for the financial years ended February 28, 2021 and February 29, 2020.

	Financial year ended 02/28/21 (audited)	Financial year ended 02/29/20 (audited)
Total revenues	\$534	Nil
Cost of sales	\$261	Nil
Gross profit	\$273	Nil
Total expenses	(\$55,266)	(\$2,280)
Net income (loss) before income taxes	(\$56,112)	(\$2,280)
Net income (loss) per share	(\$0.01)	(\$2,280)
Total assets	\$420,532	\$1
Total liabilities	(\$112,226)	(\$2,280)
Working capital (deficit)	\$324,136	(\$2,279)

	Financial year ended 02/28/21 (audited)	Financial year ended 02/29/20 (audited)
Shareholder Equity (Deficiency)	\$308,306	(\$2,279)
Dividends	Nil	Nil

Quarterly Data

Quarterly data is not available for the Target.

Management's Discussion and Analysis

The Target's MD&A for the year ended February 28, 2021 is attached hereto as Schedule "G" and should be read in conjunction with the Target's audited financial statements for the financial years ended February 28, 2021 and February 29, 2020, attached hereto as Schedule "F".

Description of Securities

The authorized capital of the Target is an unlimited number of common shares. As of the date of this Circular, there are 12,500,000 Target Shares outstanding.

There are no special rights or restrictions of any nature attached to the Target Shares. The holders of Target Shares are entitled to receive notice of and to attend and vote at all meetings of shareholders of the Target and each Target Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Target. The holders of the Target Shares are entitled to receive dividends if, as and when declared by the directors and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Target Shares, to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Target.

Stock Option Plan

The Target does not have a stock option plan.

Dividends

The Target has not declared or paid any dividends on the common shares since its incorporation and will not declare or pay any dividends prior to the completion of the Transactions.

Capitalization

The following table sets forth the capitalization of the Target as at the date of this Circular:

Type of Security	Authorized	Outstanding as at date of this Circular	Outstanding as at February 29, 2020	Outstanding as at February 28, 2021
Common Shares	Unlimited	12,500,000	1	12,500,000

Prior Sales

Since incorporation, the Target has issued the following securities:

Date	Number of Common Shares	Issue Price per Common Share	Aggregate Issuer Price	Consideration Received
March 1, 2019	1 ⁽¹⁾	\$1.00	\$1.00	Cash
October 1, 2020	10,000,000	N/A	N/A	Non-cash consideration (asset acquisition)
February 1, 2021	2,500,000	\$0.14	\$350,000	Cash

(1) Incorporator's shares which was repurchased and cancelled.

Market for Securities

The Target is not listed or quoted on any stock exchange.

Principal Shareholders

To the knowledge of the directors and executive officers of the Target, the following persons beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding common shares of the Target, as of the date hereof:

Name of Shareholder	Number of common shares	Percentage of issued and outstanding shares
Sutton Ventures Ltd. (an entity owned and controlled by Brayden Sutton and his spouse)	5,000,000	40.00%
TJT Ventures Ltd. (an entity owned and controlled by Thomas Joshua Taylor)	5,000,000	40.00%
L5 Capital Inc. (an entity owned and controlled by Marc Lustig)	2,500,000	20.00%

Executive Compensation

The Target's executive compensation disclosure (presented in accordance with Form 51-102F6 – *Statement of Executive Compensation* ("Form 51-102F6V") pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*) sets forth all annual and long-term compensation for services, in all capacities, to the Target and its predecessors since their incorporation.

The sole Named Executive Officers of the Target is Thomas Joshua Taylor, resident.

Director and Named Executive Officer Compensation

The Target has not paid any compensation to NEOs or directors since incorporation. The Target has not granted any bonuses to date and has not paid any other benefits to its NEOs or directors.

External Management Companies.

None of the NEOs or directors of the Target have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Target to provide executive management services to the Target, directly or indirectly.

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to any NEO or director by the Target or its subsidiaries since incorporation, for services provided or to be provided, directly or indirectly to the Target or any of its subsidiaries.

No compensation securities were held by the NEOs and directors as at the Target's financial years ended February 28, 2021 and February 29, 2020.

No compensation securities were exercised by any directors or NEOs during the financial years ended February 28, 2021 and February 29, 2020.

No compensation securities held by NEOs or directors were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified during the financial years ended February 28, 2021 and February 29, 2020.

There are no restrictions or conditions currently in place for converting, exercising or exchanging the compensation securities.

Stock option plans and other incentive plans

The Target maintains no incentive plans or stock option plans.

Employment, consulting and management agreements

Except as described below, the Target has not entered into any agreements or arrangements under which compensation is provided to any NEOs or directors or any persons providing services typically provided by a director or NEO.

The Target does not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Issuer or a change in an NEO's responsibilities.

Oversight and Description of Director and Named Executive Officer Compensation

The Target's board of directors has not appointed a compensation committee and the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Target's base compensation structure and equity-based compensation program, recommending compensation of the Target's officers and employees, and evaluating the performance of officers generally and in light of any annual goals and objectives, if applicable, is performed by the board of directors of the Target as a whole.

Since incorporation, the board of directors of the Target has not determined to pay compensation to its NEOs and directors.

NEOs and directors are reimbursed for expenses they incur in relation to the Target's business and operations. The Target does not provide pension or other benefits to the executive officers.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Target's financial resources and prospects.

Given the evolving nature of the Target's business and the progress regarding the License Application, the Target's board of directors anticipates it will need to review and significantly redesign the overall compensation plan for senior management upon the granting of the Cannabis License.

There were no actions, decisions or policies made since February 28, 2021 that would affect a reader's understanding of NEO compensation.

Pension Disclosure

The Target does not have any pension or retirement plan which is applicable to the NEOs or directors. The Issuer has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of the Issuer, in connection with or related to the retirement, termination or resignation of such person, and the Issuer has provided no compensation to any such person as a result of a change of control of the Issuer.

Securities Authorized for Issuance under Equity Compensation Plans

The Target maintains no equity compensation plans and no securities are authorized for issuance under any equity compensation plan.

Management Contracts

There are no management functions of the Target, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Target.

Non-Arm's Length Party Transactions

On October 1, 2020, the Target entered into an asset purchase agreement with TJT Ventures Ltd., a company owned and controlled by director Thomas Joshua Taylor, and Sutton Ventures Ltd. a company owned and controlled by director Brayden Sutton, together with his spouse. Pursuant to the asset purchase agreement, the Target acquired certain intellectual property and intangible assets owned jointly by TJT Ventures Ltd. and Sutton Ventures Ltd. in consideration of the issuance of 10,000,000 Target Shares, of which 5,000,000 Target Shares were issued to TJT Ventures Ltd. and 5,000,000 Target Shares were issued to Sutton Ventures Ltd.

The Target has entered into no other related party transactions since incorporation.

Legal Proceedings

There have been no legal proceedings material to the Target to which the Target is a party or of which any of its property is the subject matter and no such proceedings are known to the Target to be contemplated.

Auditor, Transfer Agent and Registrar

The Target's auditor is Smythe LLP, Chartered Professional Accountants, Suite 1700-475 Howe Street, Vancouver, British Columbia V6C 2B4. The Target does not have a registrar or transfer agent.

Material Contracts

The following are the material contracts of the Issuer that are outstanding as of the date of this Circular:

- (a) Acquisition Agreement dated March 15, 2021 between the Issuer, the Target and the Target Shareholders. See “Information Concerning the Transaction” for further particulars.
- (b) Manufacturing and Co-Packing Agreement dated November 16, 2020 between the Target and Black Rose. See “Information Concerning the Target – General Development of the Business” for further particulars;
- (c) Manufacturing and Co-Packing Agreement dated November 23, 2020 between the Target and Habitat. See “Information Concerning the Target – General Development of the Business”.

SCHEDULE "C"**INFORMATION CONCERNING THE RESULTING ISSUER**

The following information is presented on a post-Transactions basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer, after giving effect to the Transactions and the Financing. This section only includes information respecting the Resulting Issuer after the Transactions and Financing that is materially different from information provided earlier in this Circular under "Information Concerning the Issuer" and "Information Concerning the Transaction". All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Circular to which this Schedule "C" is attached.

Corporate Structure

The Transaction will result in no changes to the corporate structure of the Issuer. The Issuer will have one wholly owned subsidiary, being the Target, which is incorporated pursuant to the laws of Canada. The Resulting Issuer will hold all of the issued and outstanding Target Shares. Upon completion of the Transaction, the Resulting Issuer's name will be changed to "The BC Bud Corporation."

The Resulting Issuer's head office continue to be located at Suite 1500-409 Granville Street, Vancouver, British Columbia, V6C 1T2. The registered and records office of the Resulting Issuer will continue to be located at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

Narrative Description of the Business of the Resulting Issuer***Forward-Looking Information***

Statements in the following sections concerning the plans, objectives and milestones of the Resulting Issuer are "forward-looking information" and are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which is expressed or implied by such forward-looking statements. Please refer to "Forward-Looking Statements" in this Circular.

Business of the Resulting Issuer

The Resulting Issuer will, upon completion of the Transaction, carry out the business of the Target becoming an industrial issuer seeking to be engaged in the cannabis industry.

The Target is an early-stage company pursuing premium recreational cannabis products in the cannabis industry through manufacturing and joint venture agreements with license holders under the Cannabis Act. The Target is a not a licensed producer and holds no cannabis licenses. Its expected branded products will include flower products, edibles under the brand 'Canna Beans', concentrates sold as Solventless Solutions, 'Buds' beverages line and select lifestyle apparel.

The Target's business model will be centered initially around strategic manufacturing and distribution agreements and joint venture agreements with established licensed producers. The Target has contract manufacturing relationships with two license holders that will provide a ready market for their products. The Target's products will include flowers, edibles, solutions, beverages, and apparel. This joint venture model will allow the Target to leverage established producers and focus on product branding, sales, and distribution rather than production. This strategy allows the Target to avoid the risk, capital expenditures, and lengthy licensing requirements associated with owning its own cultivation infrastructure. Strategic alliance agreements are in place with Black Rose and Habitat.

The Target does not hold a license to cultivate, process or sell cannabis products and is currently dependent upon the receipt of licensing by its third-party partners. As a result, the Target is in the development stage with no current material operating income cash flow or revenues. The receipt of such licensing is outside the control of the Target. At this time, the Resulting Issuer cannot provide substantive guidance on when either of Black Rose or Habitat might receive the required licensing for the development of the Target's products. Until those licenses are received, the Resulting Issuer cannot commence operations

Please see Schedule "B" - "Information Concerning the Target – Narrative Description of the Business" above.

Stated Business Objectives

The primary business objective of the Resulting Issuer over the next 12 months are:

Milestones	Target Date	Cost
Commence sales of 'CannaBeans™'	Q3 2021	\$90,000 (consisting of marketing expenses)
Commence sales of 'Solventless Solutions™' concentrate	Q4 2021	\$125,000 (consisting of marketing and purchases of biomass from Habitat)
Commence sales of flower	Q3 2021	\$80,000 (consisting of materials costs)
Commence sales of vape cartridges	Q3 2021	\$150,000 (consisting of product cost and marketing)
Commence sales of cannabis infused beverage	Q4 2021	\$100,000 (consisting of stability and formulation costs, initial product run and provincial applications)
New product and brand development, including 'Buds' non-alcoholic beer and other research and development and materials costs	Ongoing	\$330,000
Total		\$875,000

The significant events that must occur for the business objectives set forth above to be accomplished are:

- (a) Black Rose and Habitat receiving the required licensing or licensing amendments for processing and sales necessary for the production and sales of the Resulting Issuer's initial products; and
- (b) The Resulting Issuer engaging upon an active branding campaign the costs of which are included in the objectives above.

On a longer-term basis, the Resulting Issuer anticipates it will, following demand for its products, apply for licensing under the Cannabis Act and develop its own facilities for production. The Resulting Issuer also anticipates further growth through the acquisition of other businesses or through the acquisition of assets including additional

branding portfolios or facilities. The Resulting Issuer will be actively seeking out and evaluating expansion opportunities on an ongoing basis. The Resulting Issuer expects to finance any growth strategies through equity, debt and cash flow from operations. The future expansion of the Resulting Issuer will be based on the success of its short-term objectives specifically the development of demand for its products.

Other than as described in this Circular, to the knowledge of management, there are no other particular significant events or milestones that must occur for the Resulting Issuer's initial business objectives to be accomplished. However, there is no guarantee that the Resulting Issuer will meet its business objectives or milestones described above within the specific time periods, within the estimated costs or at all. The Resulting Issuer may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described herein.

Risk Factors

The Resulting Issuer's securities should be considered highly speculative due to the nature of the Resulting Issuer's business. An investor should carefully consider the risk factors set out below. In addition, investors should carefully review and consider all other information contained in this Circular (including all Schedules hereto) before making an investment decision. An investment in securities of the Resulting Issuer should only be made by persons who can afford a significant or total loss of their investment.

The following are certain risk factors relating to the business of the Resulting Issuer assuming completion of the Transaction, which factors investors should carefully consider when making an investment decision concerning the Issuer or the Resulting Issuer. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not currently known to the Issuer or the Target, or that the Issuer or the Target currently deem immaterial, may also impair the operations of the Resulting Issuer. If any such risks actually occur, the financial condition, liquidity and results of operations of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected.

Risks Related to the Target's Business and the Cannabis Industry

Cannabis is not an Approved Drug or Medicine

Cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but the courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner. As a result, should the courts approach toward cannabis change or should legislation be implemented to restrict its use, this would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer.

The Target is Not a License Holder under the Cannabis Act

The Target is not a license holder under the Cannabis Act and is not able to cultivate, process or sell cannabis or cannabis products. The Target is dependent upon its relationships with existing license holders to cultivate, manufacture, process, sell, package and distribute its products for sale. Additionally, both Black Rose and Habitat must apply for or amend a processing license in order to produce the products proposed by the Target. There is no certainty that either Black Rose or Habitat will be granted the required license or amendments to their license. Should the Target lose its relationships with license holders, the business, financial condition and operating results of the Resulting Issuer would be materially adversely affected and the Issuer and the Target may be curtailed or prohibited from its proposed production of cannabis or from proceeding with the development of its operations as currently proposed.

Activities of the Resulting Issuer may be impacted by the spread of the COVID-19

The Resulting Issuer's business could be significantly adversely affected by the effects of a widespread global outbreak of contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The Resulting Issuer cannot accurately predict the impact COVID-19 will have on the Resulting Issuer's business. Risks posed by COVID-19 include uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. A significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect demand for the Resulting Issuer's products and likely impact operating results.

Regulatory Risks

The Resulting Issuer will operate in a new industry which is highly regulated and is in a market that is very competitive and evolving rapidly. The proposed activities of the Resulting Issuer through license holders will be subject to regulation by the Government, particularly Health Canada's Office of Controlled Substances. The Resulting Issuer's business objectives require that it comply with current regulatory requirements.

Furthermore, the Target's business plans are currently structured and are being carried out in accordance with current applicable laws. There is no assurance that new laws will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Resulting Issuer's ability to obtain a Cannabis License or, after such Cannabis License is obtained, to produce or sell cannabis. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of cannabis, or more stringent implementation thereof could have a substantial adverse impact on the Resulting Issuer.

Change in Laws, Regulations and Guidelines

The Resulting Issuer's operations are subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drug, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of management, other than routine corrections that may be required by Health Canada from time to time, The Resulting Issuer is currently in compliance with all such laws. Changes to such laws, regulations and guidelines due to matters beyond the control of The Resulting Issuer may cause adverse effects to its operations.

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

Government approvals and permits at all levels of government in Canada are currently, and may in the future, be required in connection with the Resulting Issuer's operations. To the extent such approvals are required and not obtained, the Resulting Issuer may be curtailed or prohibited from proceeding with the development of its operations as currently proposed.

Amendments to current laws, regulations and permits governing the Cannabis License application process, the cultivation, production and sale of cannabis, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer.

Recent changes to the laws regulating usage, cultivation, production and sale of recreational cannabis in Canada, resulting in the legalization of cannabis in Canada were implemented when the Cannabis Act came into effective October 17, 2018. The results of such legalization and the impact such may have on the Resulting Issuer are unknown. There can be no assurance that such implementation will not materially adversely affect the Resulting Issuer's business, financial conditions and results of operations.

Limited Operating History

The Target entered the cannabis industry in October 2020 and has yet to generate revenues. The Resulting Issuer is therefore subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

The Target's business and prospects must be considered in light of the risks, expenses and difficulties often encountered by early-stage cannabis companies, particularly when no Cannabis License has been obtained yet. Risks to consider include the Resulting Issuer's ability to anticipate and adapt to the constantly evolving array of business opportunities that may be presented to it in the cannabis sector and its ability to identify, attract, train and retain qualified personnel to assist it with its growth and diversity.

History of Net Losses

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

The Resulting Issuer cannot assure that it can avoid net losses in the future or that there will not be any earning or revenue declines in the future. The Resulting Issuer expects that its operating expenses will increase as it grows its business. If the Resulting Issuer does not receive revenues, or revenues received do not offset these expected increases in costs and operating expenses, then the Resulting Issuer will not be profitable.

To create and thereafter increase revenues, the Subsidiary must receive a Cannabis License to cultivate, produce and sell cannabis, it must then cultivate and produce marketable cannabis, and it must locate, retain, and regularly add new customers to sell its cannabis products to. There are no assurances that any of these events will occur and if any of them do not, the Resulting Issuer's operating results will be adversely affected.

Negative Operating Cash Flow

The Target has not generated operating revenue and historically has had negative cash flow from operating activities. It is anticipated that the Resulting Issuer will continue to have negative cash flows in the foreseeable future. Continued losses may have the following consequences:

- o increasing the Resulting Issuer's vulnerability to general adverse economic and industry conditions;
- o limiting the Resulting Issuer's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and
- o limited the Resulting Issuer's flexibility in planning for, or reacting to, changes in its business and the industry.

Reliance on Management

The success of the Resulting Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management, and in particular Brayden Sutton and Thomas Joshua Taylor. The Resulting Issuer's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Resulting Issuer may incur significant costs to attract and retain them. In addition, the loss of any of senior management or key employees could materially adversely affect the Resulting Issuer's ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all.

Restrictions on Sales Activities

The cannabis industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect the Resulting Issuer's ability to conduct sales and marketing activities and could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

Competition

As of the date of this Circular, there are approximately 674 cultivators, processors and sellers that hold a license issued by Health Canada under the Cannabis Regulations (as posted on Health Canada's website: www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licenseesapplicants/licensed-cultivators-processors-sellers.html). The Resulting Issuer will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Resulting Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Resulting Issuer.

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

The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and customer support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Protection of Intellectual Property

In the future, the Resulting Issuer's success and ability to compete effectively may depend, in part, on its ability to maintain the proprietary nature of formulations and processes it creates, and the ability to secure and protect any patents, trade secrets, trademarks and other intellectual property rights either developed internally or acquired by the Resulting Issuer from time to time, and to operate without infringing on the proprietary rights of others or having third parties circumvent the rights that it owns or licences. In the event that the Target's intellectual property rights were to be infringed by, disclosed to or independently developed by a competitor, enforcing a claim against such third party could be expensive and time-consuming and could divert management's attention from its business. In addition, the outcome of such proceedings is unpredictable. Any adverse outcome of such litigation or settlement of such a dispute could subject the Resulting Issuer to significant liabilities.

The Target's commercial success will also depend, in part, on operating its business without infringing the patents or proprietary rights of third parties. Third parties that believe the Target is infringing on their rights could bring

actions against it claiming damages and seeking to enjoin the development, marketing and distribution of its products. If the Resulting Issuer becomes involved in any litigation, it could consume a substantial portion of its resources, regardless of the outcome of the litigation. If any of these actions are successful, the Resulting Issuer could be required to pay damages and/or to obtain a licence to continue to develop or market its products, in which case it may be required to pay substantial royalties. However, any such licence may not be available on terms acceptable to the Resulting Issuer or at all. Ultimately, the Resulting Issuer could be prevented from commercializing a product or forced to cease some aspect of its business operations because of intellectual property infringement claims, which would harm its business.

Ability to Establish and Maintain Bank Accounts

While the Resulting Issuer does not anticipate any banking restrictions related to its operations at this time, there is a risk that banking institutions may determine not to provide banking services to entities operating in the cannabis industry. As a result, the Resulting Issuer may have limited or no access to banking or financial services which would be make it difficult to operate and conduct its business as planned. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that the Resulting Issuer may be required to seek alternative banking and payment solutions,. The Resulting Issuer's inability to manage such risks may adversely affect its operations and financial performance.

Client Acquisition and Retention

The Resulting Issuer's success will depend on its ability to attract and retain customers. There are many factors which could impact the Resulting Issuer's ability to attract and retain customers, including but not limited to the Resulting Issuer's ability to continually produce desirable and effective product the successful implementation of the Resulting Issuer's branding and marketing and the continued growth in the aggregate number of customers selecting cannabis as a treatment or production option and other companies producing and supplying similar products. The Resulting Issuer's failure to acquire and retain customers would have a material adverse effect on the business, financial condition and operating results of the Resulting Issuer.

Transportation Risks

Due to the perishable nature of the Resulting Issuer's proposed products, the Resulting Issuer will depend on fast and efficient third-party transportation services to distribute its product. Any prolonged disruption of third-party transportation services could have an adverse effect on the financial condition and results of operations of the Resulting Issuer. Rising costs associated with the third-party transportation services which will be used by the Resulting Issuer to ship its proposed products may also adversely impact the business of the Resulting Issuer and its ability to operate profitably.

Commodity Price Risk

Cannabis is a developing market, likely subject to volatile and possibly declining prices year over year, as a result of increased competition. Because cannabis is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. There may be downward pressure on the average price for cannabis and the Resulting Issuer has arranged its proposed business accordingly; however, there can be no assurance that price volatility will be favorable to the Resulting Issuer.

Pricing will depend on general factors including, but not limited to, the number of licenses granted by Health Canada and the supply such licensees are able to generate. An adverse change in the cannabis prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Resulting Issuer and its securities.

Security Breaches; Data Loss; Credit Card Fraud; Identity Theft

The protection of customer, employee, suppliers and other business data will be important to the Resulting Issuer. Federal and provincial laws and regulations govern the collection, retention, sharing and security of data that the Resulting Issuer receives and will receive from and about its employees, customers and suppliers. The regulatory environment surrounding information security and privacy has been increasingly demanding in recent years and may see the imposition of new and additional requirements in the jurisdictions in which the Resulting Issuer does and will do business. Compliance with these requirements may result in cost increases due to necessary systems changes and the development of new processes to meet these requirements. In addition, it is expected that customers will have a high expectation that the Resulting Issuer will adequately protect their personal information. If the Resulting Issuer or its service providers fail to comply with applicable privacy laws and regulations or experience a significant breach of customer, employee, supplier or other company data, its reputation could be damaged and result in an increase in service charges, suspension of service, lost sales, fines or lawsuits.

The Resulting Issuer may use credit payment systems to facilitate sales. The use of such systems may make it more susceptible to a risk of loss in connection with privacy issues, particularly with respect to an external security breach of customer information that third parties control. It is expected that a portion of the Resulting Issuer's sales will require the collection of certain customer data, such as credit card information. In order for the Resulting Issuer's sales channel to function, the Resulting Issuer and other parties involved in processing customer transactions must be able to transmit confidential information, including credit card information, securely over public networks. In the event of a security breach, theft, leakage, accidental release or other illegal activity with respect to employee, customer, supplier or other company data, the Resulting Issuer could become subject to various claims, including those arising out of thefts and fraudulent transactions, and may also result in the suspension of credit card services. This could cause customers to lose confidence in the Resulting Issuer's security measures, harm its reputation as well as divert management attention and expose it to potentially unreserved claims and litigation. Any loss in connection with these types of claims could be substantial. In addition, if the Resulting Issuer's electronic payment systems are damaged or cease to function properly, the Resulting Issuer may have to make significant investments to fix or replace them, and consequently it may suffer interruptions in its operations in the interim. In addition, the Resulting Issuer expects that it will be reliant on these systems, not only to protect the security of the information stored, but also to appropriately track and record data. Therefore, any failures or inadequacies in these systems could expose the Resulting Issuer to significant unreserved losses, which could materially and adversely affect its earnings and the market price of securities. The Resulting Issuer's brand reputation would likely be damaged as well.

Unfavorable Publicity or Consumer Perception

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

if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product Liability

If licensed as a distributor of products designed to be ingested or inhaled, the Resulting Issuer faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its proposed products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Resulting Issuer may be subject to various product liability claims, including, among others, that the proposed products produced by the Resulting Issuer caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Resulting Issuer could result in increased costs, could adversely affect the Resulting Issuer's reputation with consumers generally, and could have a material adverse effect on the business, financial condition and operating results of the Resulting Issuer. There can be no assurances that the Resulting Issuer will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of proposed products.

Product Recalls

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

Operating Risk and Insurance Coverage

The Resulting Issuer has insurance to protect its assets, operations and employees. While the Resulting Issuer believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Resulting Issuer is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Resulting Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Resulting Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Resulting Issuer were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth

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

General Operational Risks

Additional Financing

There is no guarantee that the Resulting Issuer will be able to achieve its business objectives. The continued development of the Resulting Issuer may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Resulting Issuer going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Resulting Issuer. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. In addition, from time to time, the Resulting Issuer may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Resulting Issuer's debt levels above industry standards. 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 Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Resulting Issuer may require additional financing to fund its operations to the point where it is generating consistent positive cash flows. Continued negative cash flow may restrict the Resulting Issuer's ability to pursue its business objectives.

Key Person Insurance

The Target does not maintain key person insurance on any of its officers, and in result the Target would bear the full loss and expense of hiring and replacing any officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Target from such loss of any officer.

Holding Company Status

The Resulting Issuer will, upon completion of the Transaction be a holding company and essentially all of its operating assets are the capital stock of the Target. As a result, investors in the Resulting Issuer are subject to the risks attributable to its subsidiaries. As a holding company, the Resulting Issuer will conduct substantially all of its business through its subsidiaries, which will generate substantially all of its revenues. Consequently, the Resulting Issuer's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Resulting Issuer. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Resulting Issuer's subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Resulting Issuer.

Global Economic, Political and Social Conditions

The Target is subject to global economic, political and social conditions that may cause patients to delay or reduce medical treatments due to economic downturns, unemployment, volatility in the costs of energy and other consumer goods, geopolitical uncertainties and other macroeconomic factors affecting spending behavior. The Target faces risks that may arise from financial difficulties experienced by suppliers or consumers, including:

- (a) The risk that key suppliers of cannabis may face financial difficulties or may become insolvent, which could lead to disruption of the supply cannabis products; and
- (b) The inability of consumers, including suppliers to obtain credit financing to finance purchases of products and raw materials used to grow or build those products.

Should any of these risks occur, then they could have a material adverse effect on the Target and its prospects.

The unprecedented events related to the COVID-19 virus and its effects of local, federal and international economies may negatively impact the business prospects of the Target and its ability to raise additional funds. While countries begin reopening plans in conjunction with mass vaccinations, the ongoing impact remains unknown, and has resulted in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Target.

Conflicts of Interest

The Resulting Issuer may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Resulting Issuer's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Resulting Issuer. In some cases, the Resulting Issuer's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Resulting Issuer's business and affairs and that could adversely affect the Resulting Issuer's operations. These business interests could require significant time and attention of the Resulting Issuer's executive officers and directors.

In addition, the Resulting Issuer may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time-to-time deal with persons, firms, institutions or corporations with which the Resulting Issuer may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Resulting Issuer. In addition, from time to time, these persons may be competing with the Resulting Issuer for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Resulting Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Resulting Issuer are required to act honestly, in good faith and in the best interests of the Resulting Issuer.

Substantial Number of Authorized but Unissued Shares

The Issuer has an unlimited number of Common Shares which may be issued by the Board without further action or approval of the Shareholders. While the Board is required to fulfil its fiduciary obligations in connection with the issuance of such Common Shares, Common Shares may be issued in transactions with which not all shareholders agree, and the issuance of such Common Shares will cause dilution to the ownership interests of shareholders.

Dividends

The Resulting Issuer does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Target in creating revenues, cash flows or earnings. An active public market for the Common Shares might not develop or be sustained upon completion of the Transaction. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited.

Dilution

Following completion of the Transaction and Financing, the Resulting Issuer may issue additional equity securities to finance its activities, including acquisitions. If the Resulting Issuer were to issue common shares, existing holders of such shares may experience dilution in the Resulting Issuer. Moreover, when the Resulting Issuer's intention to issue additional equity securities becomes publicly known, the Resulting Issuer's share price may be materially adversely affected

Description of the Securities

Upon the Closing of the Transactions and Financing, the authorized share capital of the Resulting Issuer will be the same as the authorized share capital of the Issuer, though the Common Shares are being exchanged for New Common Shares, and the Resulting Issuer Shares will have the same attributes as the Common Shares. See Schedule A - "*Information Concerning the Issuer – Description of Securities*".

Pro Forma Consolidated Capitalization

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the Transaction and Financing:

Designation of Security⁽¹⁾⁽⁸⁾	Amount Authorized	Amount Outstanding after Giving Effect to the Transaction	Amount Outstanding After Giving Effect to the Transaction and Financing
Common Shares⁽²⁾⁽³⁾	Unlimited	40,843,482	44,843,482
Options	10% of issued and outstanding shares at time of grant ⁽⁴⁾	85,000	85,000
Share Purchase Warrants⁽⁵⁾	N/A	Nil	4,000,000
RSUs	N/A	2,100,000	2,100,000

Notes:

- (1) Pursuant to the pro forma balance sheet included as Schedule "H" of this Circular, the Resulting Issuer will have a deficit of (\$2,022,675) as at February 28, 2021.
- (2) Assumes no exercise of Options or other outstanding securities of the Issuer.
- (3) Of these shares, 28,668,976 Common Shares will be subject to the Escrow Agreement which includes all of the Payment Shares. See "*Escrowed Securities*" below.
- (4) The number of stock options that the Resulting Issuer may grant is limited by the terms of the Stock Option Plan and policies of the CSE. See "*Information Concerning the Issuer – Stock Option Plan*".
- (5) Comprised of Warrants, including Placement Warrants, an exercise price of \$0.50 per Common Shares and expiring on the date, which is 24 months following their issuance, subject to the Acceleration Right.
- (6) A total of 2,100,000 RSUs will be issued to directors and consultants upon completion of the Transaction. The RSUs will entitle the holders to acquire an aggregate of 2,100,000 Resulting Issuer Shares at a deemed value of \$0.25 per Common Shares subject to vesting such that 50% of the RSUs shall vest into Common Shares on the date which is one year following the Closing Date and the balance of the RSUs will vest into Common Shares on the date which is two years following the Closing Date, provided that the holder continues, on such vesting dates, to hold a role with the Resulting Issuer as a director, officer, employee or consultant.

Fully diluted Share Capital

- Options: The Issuer currently has 85,000 Options outstanding having an exercise price of \$1.00 per Common Share and expiring on October 13, 2022.
- Warrants: The Issuer currently has no warrants outstanding.
- Subscription Receipts: Each Subscription Receipt entitles the holder thereof to receive, without any further action on the part of the holder or payment of any additional consideration, one Unit, subject to the satisfaction or waiver of the Escrow Release Conditions prior to Escrow Release Deadline, and provided that the Transaction has not otherwise been terminated. Each Unit will consist of one Common Share and one Placement Warrant. Each Placement Warrant is exercisable to acquire one Resulting Issuer for a period of 24 months following issuance at an exercise price of \$0.50 per Resulting Issuer Share, subject to adjustment in certain events, including the Acceleration Right
- RSUs: A total of 2,100,000 RSUs will be issued to directors and consultants upon completion of the Transaction. The RSUs will entitle the holders to acquire an aggregate of 2,100,000 Resulting Issuer Shares at a deemed value of \$0.25 per Common Shares subject to vesting such that 50% of the RSUs shall vest into Common Shares on the date which is one year following the Closing Date and the balance of the RSUs will vest into Common Shares on the date which is two years following the Closing Date, provided that the holder continues, on such vesting dates, to hold a role with the Resulting Issuer as a director, officer, employee or consultant.

The following table states the anticipated fully diluted share capital of the Resulting Issuer after giving effect to the Transactions and the Financing:

Description of Security ⁽⁴⁾	Number of Securities	Percentage of Total
Shares issued and outstanding	14,593,482	28.60%
Payment Shares to be issued pursuant to the Transaction ⁽¹⁾	26,250,000	51.44%
Shares to be issued pursuant to the Financing ⁽²⁾	4,000,000	7.84%
Shares reserved for issuance upon the exercise of the Placement Warrants ⁽²⁾	4,000,000	7.84%

Description of Security ⁽⁴⁾	Number of Securities	Percentage of Total
Shares reserved for issuance upon the vesting of RSUs	2,100,000	4.12%
Shares reserved for issuance upon the exercise of the Options	85,000	0.16%
Total	51,028,482	100%

Notes:

- (1) See "Information Concerning the Transaction" for more information.
(2) See Schedule A - "Information Concerning the Issuer – the Financing" for more information.

Selected Pro Forma Financial Information

A pro forma consolidated statement of financial position for the Resulting Issuer giving effect to the Transaction and Financing as at February 28, 2021 is attached to this Circular as Schedule "H".

The following table sets forth certain pro forma financial information for the Resulting Issuer, on a consolidated basis, after giving effect to the Transaction, Financing and certain other adjustments and subject to the assumptions described in the notes to the unaudited consolidated pro forma financial statements of the Resulting Issuer. The unaudited pro forma consolidated balance sheets have been prepared based on the assumption that, among other things, the Transaction and Financing on February 28, 2021.

	Resulting Issuer Pro Forma February 28, 2021 (unaudited) (\$)
Current Assets	2,307,038
Total Assets	2,376,969
Current Liabilities	(42,554)
Total Liabilities	(128,315)
Shareholders' Equity	2,248,654

Available Funds and Principal Purposes**Available Funds**

Upon completion of the Transaction, the Resulting Issuer anticipates it will have an estimated \$2,386,200 in funds available, comprised of:

Description	Amount
(a) approximate working capital of the Issuer as at May 31, 2021	\$1,001,446

Description	Amount
(b) approximate working capital of the Target as at May 31, 2021	\$294,645
(c) gross proceeds of the Financing held in escrow	\$1,000,000
(d) less estimated remaining transaction costs of the Issuer and the Target associated with the Transaction (including legal fees, audit fees, fees of the CSE and other expenses)	(\$100,000)
TOTAL	\$2,196,091

Principal Purpose of Funds

It is the Resulting Issuer's intention to use these funds for a period of twelve months after the completion of the Transaction as follows:

Principal Purpose	Budgeted Expenditure
Estimated general and administrative costs over the 12 months following the Listing Date ⁽¹⁾	\$788,000
Inventory, Materials and Equipment Purchases	\$3170,000
Completion of short term business objectives set forth above ⁽²⁾	\$875,000
Unallocated working capital ⁽³⁾	\$163,091
Total	\$2,196,091

Notes:

- (1) General and administrative costs for the next 12 months are expected to be comprised of: legal and accounting costs of \$50,000, audit fees of \$25,000, stock exchange fees, filing fees, shareholder meeting, and transfer agent costs of \$27,000, investor relation costs of \$36,000, travel expenses of \$50,000, insurance costs of \$37,000, office rents and supplies of \$83,000, and executive management fees and salary costs of \$480,000 (See Item 15 -*Executive Compensation of the Resulting Issuer*”).
- (2) See “*Stated Business Objectives*” above.
- (3) The Resulting Issuer will have nominal unallocated funds available to it and will need to complete additional debt or equity financings following the Listing Date.

The Resulting Issuer will require additional funds to meet its longer term-term requirements outlined above. The Resulting Issuer expects it will fund its on-going product expansion plans from future financing activities.

The Resulting Issuer intends to spend the funds available to it upon completion of the Transactions to further the Resulting Issuer's stated business objectives. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

The Issuer and the Target have had negative operating cash flow and incurred losses. The Resulting Issuer's negative operating cash flow and losses are expected to continue for the foreseeable future. The Resulting Issuer cannot predict when it will reach positive operating cash flow, if ever. Due to the expected continuation of negative operating cash flow, the Resulting Issuer anticipates its initial funds will be used to fund future negative operating cash flow.

Dividends

There will be no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends following the completion of the Transactions. All of the Resulting Issuer's Shares are entitled to an equal share in any dividends declared and paid. However, it is not contemplated that any dividends will be paid on the Resulting Issuer's shares in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time.

Principal Security Holders

To the knowledge of the directors and senior officers of the Issuer, upon completion of the Transaction and Financing, the following persons are anticipated to beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting securities (being Resulting Issuer Shares) of the Resulting Issuer:

Name and Province of Residence	Number of Shares ⁽¹⁾	Percentage of Shares
Brayden Sutton, British Columbia, Canada ⁽²⁾	11,755,000 Resulting Issuer Shares	26.21%
Thomas Joshua Taylor, British Columbia, Canada ⁽³⁾	10,713,976 Resulting Issuer Shares	23.89%
Marc Lustig, British Columbia Canada ⁽⁴⁾	6,200,000 Resulting Issuer Shares	13.83%

- (1) All of the above Resulting Issuer Shares will be subject to escrow restrictions under the Escrow Agreement. See *"Information Concerning the Resulting Issuer – Escrowed Securities"* for additional information.
- (2) All of which Resulting Issuer Shares are held indirectly through Sutton Ventures Ltd., a private company of which Mr. Sutton, together with his spouse, are the beneficial owners. On a partially-diluted basis, assuming the exercise of all warrants issued or options to be granted to him, Mr. Sutton will hold 26.68% of the issued and outstanding Resulting Issue Shares.
- (3) Of which 10,500,000 Resulting Issuer Shares are held indirectly through TJT Ventures Ltd., a private company of which Mr. Taylor is the beneficial owner and 213,976 Resulting Issuer Shares are held directly. On a partially-diluted basis, assuming the exercise of all warrants issued or options to be granted to him, Mr. Taylor will hold 24.10% of the issued and outstanding Resulting Issue Shares.
- (4) All of which Resulting Issuer Shares are held indirectly through L5 Capital Inc., a private company of which Mr. Lustig is the beneficial owner. On a partially-diluted basis, assuming the exercise of all warrants issued or options to be granted to him, Mr. Lustig will hold 14.21% of the issued and outstanding Resulting Issue Shares

Directors and Officers

The Issuer's current directors are Brayden Sutton (President and Chief Executive Officer), Thomas Joshua Taylor and Corey Larricq. In addition, Samantha Shorter is the Chief Financial Officer of the Issuer. Following completion of the Transaction, Corey Larricq will resign as a director and Samantha Shorter will resign as Chief Financial Officer of the Resulting Issuer, and Thomas Joshua Taylor will be appointed as President and each of Dayne Lange and Justin Chorbajian will be appointed as directors of the Resulting Issuer. The Issuer is continuing to seek to identify a candidate to hold the positions of Chief Financial Officer and Corporate Secretary of the Resulting Issuer, prior to the Closing Date and will announce such candidate and their qualifications via press release.

The term of office of each of the present directors expires at the Issuer's next annual general meeting. Each director elected or appointed will hold office until the next annual general meeting of the Resulting Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the articles of the Resulting Issuer or with the provisions of the BCBCA.

The following table sets out the names of the proposed directors and officers of the Resulting Issuer, the province and municipality in which each is ordinarily resident, all offices of the Resulting Issuer proposed to be held by each of them, their principal occupations during the past five years and the expected number of Resulting Issuer Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised, following completion of the Transactions and the Financing.

Name, Province of Residence, Proposed Offices	Principal Occupation During Last Five Years	Prior Director of the Issuer and Term of Such Position	Number of Common Shares upon completion of the Transaction and Financing⁽¹⁾	Percentage of Class Held or Controlled on completion of the Transaction and Financing
Brayden R. Sutton ⁽²⁾ British Columbia, Canada Chief Executive Officer, President, Chairman of the Board and Director	President of Sutton Ventures Ltd., private consulting company from November 2014 to Present, CEO of the Issuer from February 2020 to Present; CEO of 1933 Industries Inc. from May 2017 to May 2019, Chairman of 1933 Industries from May 2019 to January 2020; Director of Business Development for Aurora Cannabis Inc. from 2015 to 2017;	Director of the Issuer since November 15, 2018, CEO of the Issuer since February 12, 2020, Director of the Target since October 1, 2020	11,755,000 ⁽³⁾	26.21%
Thomas Joshua Taylor, British Columbia, Canada President and Director	President of the Target from March 2019 to Present Director of Business Development of 1933 Industries Inc. from October 2018 to May 2020; Prior thereto, held sales and business development roles for CPG companies; co-founder of several cannabis initiatives	Director of the Issuer since August 2, 2019, Proposed President of the Resulting Issuer; Director and President of the Target since March 1, 2019	10,713,976 ⁽⁴⁾	23.89%
Dayna Lange ⁽²⁾ British Columbia, Canada Director	Chief Financial Officer of Tricanna Industries Inc. from June 2018 to Present, Sole Practitioner, CPA from January 2014 to Present	Proposed Director	Nil	N/A
Justin Chorbajian ⁽²⁾ British Columbia, Canada Director	Co-owner of Green Planet Nutrients and Green Planet Wholesale hydroponic shops; Chairman of the Board of Chemistree Technology Inc. from August 2017 to June 2019	Proposed Director	80,000 ⁽⁵⁾	0.18%

Notes:

- (1) Based on the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this Circular, assuming the completion of the Transaction and Financing and related transactions.
- (2) Member of the audit committee
- (3) All of which Common Shares are held indirectly through Sutton Ventures Ltd., a private company of which Mr. Sutton, together with his spouse, are the beneficial owners.
- (4) Of which 10,500,000 Common Shares are held indirectly through TJT Ventures Ltd., a private company of which Mr. Taylor is the beneficial owner and 213,976 Common Shares are held directly.
- (5) All of which Common Shares are held indirectly through Evergreen Holding Company Ltd., a private company of which Mr. Chorbajian is the beneficial owner.

At the completion of the Transaction, the directors and officers of the Resulting Issuer as a group will directly own 22,548,976 Resulting Issuer Shares, representing 50.11% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis).

The Resulting Issuer's audit committee will be made up of Brayden Sutton, Justin Chorbajian and Dayna Lange, who will act as chair. All of the members of the audit committee will be considered to be independent, with the exception of Brayden Sutton, and are financially literate.

There will be no other committees of the Board at this time.

The directors and officers will devote their time and expertise as required by the Resulting Issuer; however, it is not anticipated that any director or officer will devote 100% of their time to the activities of the Resulting Issuer, other than its President, Thomas Joshua Taylor. See also "*Management*" below.

Management

The following is a brief description of the key management of the Resulting Issuer.

None of the Resulting Issuer's proposed management personnel have entered into non-disclosure or non-competition agreements with the Issuer, but the Resulting Issuer will consider whether to enter into such agreements following the Closing Date.

Brayden Sutton, Chief Executive Officer and Director, (Age: 36)

Mr. Brayden Sutton is a prominent figure in the cannabis industry, with over 20 years of practical experience with the plant. He founded CannabisHealth.com in 2004 and was the Co-Founder of Supreme Cannabis in 2013. He was the CEO of 1933 Industries Inc., as well as the Director of Business Development for Aurora Cannabis from its inception. Mr. Sutton was also a founding investor in Origin House (bought by Cresco Labs for \$1.1 Billion) as well as over 80 additional start-up cannabis businesses and has personally raised and deployed over \$100 million in the space since 2012, created over 500 jobs, and built over 150,000 sq ft of state-of-the-art cultivation space in Canada and the United States.

Mr. Sutton is the beneficial owner of 11,755,000 Resulting Issuer Shares. Mr. Sutton expects to devote 50% of his working time to the Resulting Issuer.

Thomas Joshua Taylor, President and Director (Age: 36)

Mr. Josh Taylor has been involved in the cannabis industry for many years with over 15 years of practical experience with the plant. Mr. Taylor accumulated several years of sales, marketing, and business development experience in the CPG (Red Bull) and Pharmaceutical industries before partnering in The Rosin Factory as a cofounder in 2016. In 2017 The Rosin Factory was awarded two High Times Cannabis Cup Awards for solventless flower rosin products, a first. Before founding the Target, Mr. Taylor was Director of Business Development of 1933 Industries Inc., leading and overseeing M&A, licensing, partnerships, and JV's throughout North America.

Mr. Taylor is the beneficial owner of 10,713,976 Resulting Issuer Shares. Mr. Taylor expects to devote 100% of his working time to the Resulting Issuer.

Dayna Lange, Director (Age: 41).

Ms. Lange is a founding partner, the Managing Director, Chief Financial Officer and Chair of the Board of Tricanna Industries Inc., a Standard Processor in the cannabis industry, located in Mission, British Columbia. She is also the Alternate Responsible Person on the Company's Health Canada license, assisting the Responsible Person with regulatory compliance reporting. In addition to her roles with Tricanna, she currently holds the position of 'Family Office' for a high-net-worth family, advising them on and helping them with safeguarding and growing their family assets. With this position, she is the Controller of a chain of restaurants, ensuring timely and accurate financial reporting to all stakeholders. Previous to Tricanna, Ms. Lange spent the last 15 years working as a public practice accountant. She obtained her Chartered Accounting designation in 2009 and went on to complete her In Depth Tax Course with the BC Institute of Chartered Accountants. Ms. Lange is a Chartered Professional Accountant.

Ms. Lange holds no Resulting Issuer Shares. Ms. Lange expects to devote 10% of her working time to the Resulting Issuer.

Justin Chorbajian, Director (Age: 48)

Mr. Justin Chorbajian is the co-owner of the largest chain of privately owned hydroponic shops in Canada and has operated in the retail market for over 20 years, including co-creating Green Plant Nutrients and Green Planet Wholesale. These companies complete his vertical integration in the cannabis industry, including both manufacturing and distributing hydroponic equipment. His companies operate in the UK, Australia and North America. Mr. Chorbajian is a frequent contributor on 'Growing Exposed' a leading video series on cannabis cultivation.

Mr. Chorbajian is the beneficial owner of 80,000 Resulting Issuer Shares. Mr. Chorbajian expects to devote 15% of his working time to the Resulting Issuer.

Promoter Consideration

No person will be or has been within the two years preceding the date of this Circular a promoter of the Resulting Issuer, other than its directors and officers.

Corporate Cease Trade Orders or Bankruptcies

As at the date of this Circular and within the ten years before the date of this Circular, no director, officer or proposed director or officer, promoter or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has been a director, officer or promoter of any company (including the Resulting Issuer) that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings,

arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No current or proposed director, officer, promoter or shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Transaction.

Personal Bankruptcies

No current or proposed director, officer, promoter, or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such person, that has, within the ten years prior to the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

Directors and officers of the Resulting Issuer also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations, but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under British Columbia corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. All conflicts of interest will be resolved in accordance with the BCBCA. Any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

For information concerning the director and officer positions held by the proposed directors of the Resulting Issuer, please see *"Other Reporting Issuer Experience"* directly below.

Other Reporting Issuer Experience

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

Name of Director, Officer or Promoter	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Period
Brayden Sutton	1933 Industries Inc.	CSE	President and CEO	May 2017 to June 2019
			Director	June 2017 to January 2020
	Entheos Capital Corp.	NEX	CEO	February 2020 to Present
			Director	November 2018 to Present
	Codebase Ventures Inc. (formerly 360 Capital Financial Services Group Inc.)	CSE	VP and Chief Investment Officer	December 2016 to May 2017
	Plant-Based Investment Corp. (formerly Cannabis Growth Opportunity Corporation)	CSE	Director	January 2018 to February 2020
	Delta Resources Ltd.	TSXV	Director	October 2016 to April 2017
	First Light Capital Corp.	TSXV	Director	March 2019 to June 2020
International Bethlehem Mining Corp.	NEX	CEO and Director	July 2019 to February 2020	
Thomas Joshua Taylor	Entheos Capital Corp.	NEX	Director	August 2019 to Present
Justin Chorbajian	Chemistree Technology Inc.	CSE	Director	August 2017 to June 2019

Executive Compensation and Management Contracts

Upon completion of the Transaction and Financing, it is anticipated that the Resulting Issuer will establish a compensation committee which will recommend how directors will be compensated for their services as directors. The compensation committee is expected to recommend the granting of stock options in such amounts and upon such terms as may be recommended by the compensation committee and approved by the Resulting Issuer's directors from time to time.

The compensation committee will also consider and make recommendations with respect to the compensation of the executive officers of the Resulting Issuer. It is anticipated that all executive officers of the Resulting Issuer will receive cash compensation and stock option grants in line with market practice for public issuers in the same industry and market and of the same size as the Resulting Issuer.

Director and Named Executive Officer Compensation

In the interim and until such time as a compensation committee is determined, set out below is a summary of the anticipated compensation for each of the Resulting Issuer's Named Executive Officers and Directors for the 12-month period after giving effect to the Transaction, to the extent known:

Summary Compensation Table
For the 12 months following the completion of the Transaction

Table of compensation excluding compensation securities							
Name and position	Period	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Brayden Sutton, CEO and Director	12 months following Transaction	\$120,000	Nil	Nil	Nil	Nil	\$120,000
Thomas Joshua Taylor, President and Director	12 months following Transaction	\$120,000	Nil	Nil	Nil	Nil	\$120,000
Dayna Lange, Director	12 months following Transaction	Nil	Nil	Nil	Nil	Nil	Nil
Justin Chorbajian, Director	12 months following Transaction	Nil	Nil	Nil	Nil	Nil	Nil

External Management Companies.

Except as described below, it is not currently anticipated that any NEOs or directors of the Resulting Issuer will be retained or employed by an external management company.

Brayden Sutton is expected to provide his services as CEO of the Resulting Issuer through his holding company, Sutton Ventures Ltd.

Thomas Joshua Taylor is expected to provide his services as President of the Resulting Issuer through his holding company, TJT Ventures Ltd

Stock Options and Other Compensation Securities

As of the date of this Circular, no 85,000 Options are currently outstanding.

The following table, discloses all compensation securities to be granted or issued to each NEO or director by the Issuer or its subsidiaries as at the completion of the Transaction, for services provided or to be provided, directly or indirectly to the Resulting Issuer or any of its subsidiaries:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of Issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year ended December 31, 2020 (\$)	Expiry date
Brayden Sutton, CEO and Director	Options	85,000/100%	October 13, 2017	\$1.00	\$1.00	\$0.28	October 13, 2022
Thomas Joshua Taylor, President and Director	N/A	Nil	-	-	-	-	-
Dayna Lange, Director	RSUs	262,500/12.5%	Closing Date	\$0.25	\$0.21	\$0.28	Two years following the Closing Date
Justin Chorbajian, Director	RSUs	262,500/12.5%	Closing Date	\$0.25	\$0.21	\$0.28	Two years following the Closing Date

The following table discloses the total amount of compensation securities to be held by the NEOs and directors as at the Closing Date. The RSUs to be granted to Ms. Lange and Mr. Chorbajian as at the Closing Date will vest 50% at the end of the first year following the Closing Date and 50% at the end of the second year following the Closing Date, provided that the holder continues to have a role with the Resulting Issuer.

Name and Position	Number and Type of Compensation Securities
Brayden Sutton, CEO and Director	85,000 Options
Thomas Joshua Taylor, President and Director	Nil
Dayna Lange, Director	262,500 RSUs
Justin Chorbajian, Director	262,500 RSUs

There are no restrictions or conditions currently in place for converting, exercising or exchanging the compensation securities, other than the vesting schedule noted above applicable to the RSUs

Stock option plans and other incentive plans

The Resulting Issuer will continue to utilize the Stock Option Plan, the material terms of which are described above at Schedule "A" "Information Concerning the Issuer – Stock Option Plan".

Employment, consulting and management agreements

The Resulting Issuer does not initially expect to enter into any agreements or arrangements under which compensation is provided to any NEOs or directors or any persons providing services typically provided by a director or NEO, with the exception however that the Issuer anticipates amending the consulting agreement with Sutton Ventures Ltd. for the payment of consulting compensation to Mr. Sutton in his capacity as CEO to reflect a fee of \$10,000 per month and will enter into a consulting agreement with Mr. Taylor, through his holding company TJT Ventures Ltd., for the payment of consulting compensation or salary in his role as President at a rate of \$10,000 per month.

Oversight and Description of Director and Named Executive Officer Compensation

Upon completion of the Transaction, it is anticipated that the Resulting Issuer will establish a compensation committee which will recommend how directors will be compensated for their services as directors. The compensation committee is expected to recommend the granting of stock options in such amounts and upon such terms as may be recommended by the compensation committee and approved by the Board from time to time.

The compensation committee will also consider and make recommendations with respect to the compensation of the executive officers of the Resulting Issuer. It is anticipated that all executive officers of the Resulting Issuer will receive cash compensation and stock option grants in line with market practice for public issuers in the same industry and market and of the same size as the Resulting Issuer.

Pension Disclosure

The Resulting Issuer does not expect to have any pension or retirement plan which is applicable to the NEOs or directors.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information with respect to the Resulting Issuer outstanding under the Stock Option Plan as at the Closing Date.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in Column (a))
Equity compensation plans approved by securityholders	85,000	\$1.000	4,399,348
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	85,000		4,399,348

Management Contracts

The Resulting Issuer does not anticipate any management functions of the Resulting Issuer will be performed by a person or company other than the directors or senior officers of the Resulting Issuer.

Indebtedness of Directors and Officers

No director, officer, promoter, or proposed member of management or appointment as a director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to the Issuer since the commencement of the Issuer's last completed financial year, nor is any such person expected to be indebted to the Resulting Issuer on the completion of the Transaction.

Investor Relations Arrangements

At this time, the Resulting Issuer does not expect to enter into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Resulting Issuer or its securities or to engage in activities for the purpose of stabilizing the market.

Options to Purchase Securities

As of the date of this Circular, the Issuer has 85,000 Option exercisable at a price of \$1.00 per Common Share until October 13, 2022 outstanding.

The Issuer has adopted the Stock Option Plan, the principal terms of which are outlined above at Schedule "A" *"Information Concerning the Issuer – Stock Option Plan"*.

Escrowed Securities

As of the date of this Circular, the Issuer has no securities currently held in escrow. No securities are otherwise subject to any contractual restrictions on transfer.

In connection with the proposed requalification for listing of the Common Shares on the CSE following the completion of the Transaction, all securities held by "Related Persons" are required to be subject to an escrow agreement pursuant to NP 46-201 (the "**Escrow Agreement**").

For the purposes of this section, "**Related Persons**" means, with respect to the Issuer:

- (a) the partners, directors and senior officers of the Issuer or any of its material operating subsidiaries;
- (b) promoters of the Issuer during the two years preceding this Listing Statement;
- (c) those who own or control more than 10% of the Issuer's voting securities; and
- (d) Associates and Affiliates of any of the above.

Under NP 46-201, securities held by Related Persons are required to be held in escrow in accordance with the national escrow regime applicable to initial public distributions.

A total of 28,668,976 Common Shares representing 63.93% of the issued and outstanding Common Shares on the Closing Date will be deposited into escrow pursuant to the Escrow Agreement (the "**Escrowed Securities**").

The Issuer is currently classified as an "emerging issuer" under NP 46-201. An "emerging issuer" is one that does not meet the "established issuer" criteria (which includes issuers listed on the Toronto Stock Exchange in its non-

exempt category and issuers that meeting Tier 1 listing requirements of the Exchange). Based on the Issuer being “emerging issuer”, the Escrowed Securities will be subject to a three-year escrow.

If the Issuer achieves “established issuer” status during the term of the Escrow Agreement, it will ‘graduate’ resulting in a catch-up release and an accelerated release of any securities remaining in escrow under the 18-month schedule applicable to established issuers as if the Issuer had originally been classified as an established issuer.

Pursuant to the Escrow Agreement to be entered into by the Issuer, the Transfer Agent (as escrow agent) and the Related Persons of the Issuer, the Related Persons will agree to deposit into escrow the Escrowed Securities with the Transfer Agent. Under the Escrow Agreement, 10% of the Escrowed Securities will be released from escrow on the listing of the Common Shares (the “Initial Release”) and an additional 15% will be released on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities may not be transferred or otherwise deal with during the term of the Escrow agreement unless the transfers or dealings within escrow are:

- (1) transfers to continuing or, upon their appointment, incoming directors and senior officers of the Issuer or of a material operating subsidiary, with approval of the Issuer’s Board;
- (2) transfers to a person or company that before the proposed transfer holds more than 10% of the Issuers’ outstanding Common Shares;
- (3) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor’s spouse, children or parents;
- (4) transfers upon bankruptcy to the trustee in bankruptcy or another person or company entitled to escrow securities on bankruptcy; and
- (5) pledges to a financial institution as collateral for a *bona fide* loan, provided that upon a realization the securities remain subject to escrow.

Tenders of Escrowed Securities to a take-over bid or business combination are permitted provided that, if the tenderer is a Related Person of the successor corporation upon completion of the take-over bid or business combination, securities received in exchange for tendered Escrow Securities are substitute in escrow on the basis of the successor corporation’s escrow classification.

Hold Periods

Certain securities of the Resulting Issuer will may also be subject to the remainder of a statutory four month hold period. These securities include 4,000,000 Resulting Issuer Shares and 4,000,000 Placement Warrants issued under the Financing which resale restrictions expire on August 27, 2021.

Auditor, Transfer Agent and Registrar

At the Closing, the auditor of the Resulting Issuer will continue to be Smythe LLP, Chartered Professional Accountants, Suite 1700-475 Howe Street, Vancouver, British Columbia V6C 2B4. The registrar and transfer agent of the Resulting Issuer Shares will continue to be Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

SCHEDULE "D"

CHANGE OF BUSINESS RESOLUTION

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The terms of the share purchase agreement dated March 15, 2021 (the "**Agreement**") between Entheos Capital Corp. (the "**Issuer**"), The BC Bud Corporation (the "**Target**") and the shareholders of the Target (the "**Vendors**") providing for the acquisition (the "**Acquisition**") of all of the issued and outstanding shares of the Target by the Issuer from the Vendors and the issuance, in consideration of the Target Acquisition, of an aggregate of 26,250,000 common shares to the Vendors at a deemed price of \$0.25 per share, and all the transactions contemplated therein and the payment of consideration in respect thereof be and are hereby confirmed and approved;
2. Subject to the approval of the Canadian Securities Exchange (the "**Exchange**"), the completion of the Acquisition on such terms and conditions as the board of directors of the Issuer (the "**Board**") may determine in its sole discretion, and all matters related and transactions ancillary thereto in accordance with the terms of the Agreement be and are hereby authorized and approved;
3. Notwithstanding the approval of these resolutions by the shareholders of the Issuer, or the approval of the Acquisition by the Exchange, the Board is hereby authorized and empowered without further notice to, or approval of, the shareholders of the Issuer (but subject to the terms of the Agreement), to: (i) amend, modify or supplement the Agreement in accordance with the respective terms and (ii) not proceed with the Acquisition and related transactions, at any time prior to the closing of the Acquisition; and
4. Any one or more directors or officers of the Issuer be and are hereby authorized, for and on behalf and in the name of the Issuer, to execute and deliver all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments, and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Acquisition, and the completion of the transactions contemplated by the Agreement in accordance with the terms of the Agreement, including:
 - (a) all actions required to be taken by or on behalf of the Issuer or its subsidiaries, including making all necessary filings and obtaining all necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - (b) the signing of certificates, consents and other documents or declarations required pursuant to the Agreement or otherwise to be entered into by the Issuer or its subsidiaries, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing by such director or officer."

SCHEDULE "E"

DELISTING RESOLUTION

BE IT RESOLVED THAT:

1. The Issuer is authorized to apply to voluntarily delist its securities from the NEX board of the TSX Venture Exchange.
2. The board of directors of the Issuer be and it is hereby authorized to revoke this resolution and any or all of the actions herein described, notwithstanding the approval by the Shareholders of same, at any time prior to the completion thereof, if, in the sole discretion of the Board, it is in the best interests of the Issuer to do so.
3. Any one officer or director of the Issuer, or its agent, be authorized to execute, under the seal of the Issuer or otherwise, and to deliver all further documents and to take all further action as may be required to give effect to these resolutions.

SCHEDULE "F"

**AUDITED FINANCIAL STATEMENTS OF THE TARGET FOR THE FINANCIAL YEARS ENDED FEBRUARY 28, 2021 AND
FEBRUARY 29, 2020**

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THE BC BUD CORPORATION

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

INDEPENDENT AUDITORS' REPORT

TO THE DIRECTORS OF THE BC BUD CORPORATION

Opinion

We have audited the financial statements of The BC Bud Corporation (the "Company"), which comprise:

- ♦ the statements of financial position as at February 28, 2021 and February 29, 2020;
- ♦ the statements of loss and comprehensive loss for the years then ended;
- ♦ the statements of cash flows for the years then ended;
- ♦ the statements of changes in equity (deficiency) for the years then ended; and
- ♦ the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2021 and February 29, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$56,112 during the year ended February 28, 2021 and, as of that date, the has an accumulated deficit of \$58,392. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 21, 2021

Vancouver

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THE BC BUD CORPORATION

STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

AS AT FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

	February 28, 2021	February 29, 2020
ASSETS (Note 7)		
Current		
Cash	\$ 340,429	\$ 1
Goods services tax (GST) recoverable	1,582	-
Prepaid expenses	2,317	-
Inventory (Note 4)	<u>6,273</u>	<u>-</u>
	350,601	1
Machinery and equipment (Note 5)	68,591	-
Intangible asset (Note 6)	<u>1,340</u>	<u>-</u>
	\$ 420,532	\$ 1
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities	\$ 26,416	\$ 1,500
Provincial sales tax (PST) payable	35	-
Due to shareholder (Note 9)	<u>14</u>	<u>780</u>
	26,465	2,280
Loan payable (Notes 7 and 9)	<u>85,761</u>	<u>-</u>
	112,226	2,280
Shareholders' equity (deficiency)		
Share capital (Note 8)	351,340	1
Equity contribution from shareholder (Notes 7 and 9)	15,358	-
Deficit	<u>(58,392)</u>	<u>(2,280)</u>
	<u>308,306</u>	<u>(2,279)</u>
	\$ 420,532	\$ 1

Approved and authorized by the Board on June 21, 2021

Brayden Sutton

Director

Josh Taylor

Director

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

THE BC BUD CORPORATION

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

	2021	2020
REVENUE	\$ 534	\$ -
COST OF SALES	261	-
GROSS MARGIN	273	-
EXPENSES		
Accounting and legal	24,916	1,500
Advertising and promotion	17,017	-
Consulting	10,000	-
Filing fees	1,471	780
Interest and bank charges	140	-
Office and administration	1,722	-
Total operating expenses	(55,266)	(2,280)
OTHER ITEM		
Accretion expense	(1,119)	-
Loss and comprehensive for the year	(56,112)	(2,280)
Basic and diluted loss per common share	\$ (0.01)	\$ (2,280)
Weighted average number of common shares outstanding	4,294,521	1

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

THE BC BUD CORPORATION

STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

	2021	2020
Operating activities		
Net loss for the year	\$ (56,112)	\$ (2,280)
Item not involving cash		
Accretion expense	1,119	-
Changes in non-cash working capital:		
GST recoverable	(1,582)	-
Prepaid expenses	(2,317)	-
Inventory	(6,273)	-
Accounts payable and accrued liabilities	24,916	1,500
PST payable	35	-
Due to shareholder	(766)	780
Cash used in operating Activities	<u>(40,980)</u>	<u>-</u>
Investing activity		
Machinery and equipment purchase	<u>(68,591)</u>	<u>-</u>
Cash used in investing activity	<u>(68,591)</u>	<u>-</u>
Financing Activities		
Proceeds from loan	100,000	-
Proceeds from issuance of common shares	350,000	1
Repurchase of incorporation share	<u>(1)</u>	<u>-</u>
Cash provided by financing activities	<u>449,999</u>	<u>1</u>
Change in cash	340,428	1
Cash, beginning of year	<u>1</u>	<u>-</u>
Cash, end of year	<u>\$ 340,429</u>	<u>\$ 1</u>
Supplemental cash flow disclosure		
Taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -
Common shares issued for intangible asset	\$ 1,340	\$ -

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

THE BC BUD CORPORATION

STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

	Share capital		Equity contribution from shareholder	Deficit	Total
	Number	Amount			
Balance, March 1, 2019 (incorporation)	1	\$ 1	\$ -	\$ -	\$ 1
Loss for the year	-	-	-	(2,280)	(2,280)
Balance February 29, 2020	1	1	-	(2,280)	(2,279)
Cancellation of incorporation shares	(1)	(1)	-	-	(1)
Issuance of common shares for cash	2,500,000	350,000	-	-	350,000
Issuance of common shares for intangible asset	10,000,000	1,340	-	-	1,340
Equity contribution from shareholder	-	-	15,358	-	15,358
Loss for the year	-	-	-	(56,112)	(56,112)
Balance, February 28, 2021	12,500,000	\$ 351,340	\$ 15,358	\$ (58,392)	\$ 308,306

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

THE BC BUD CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

1. NATURE OF OPERATIONS AND GOING CONCERN

The BC Bud Corporation (the "Company") was incorporated under the Canada Business Corporations Act on March 1, 2019. Effective November 17, 2020, the Company registered in the Province of British Columbia. The records office of the Company is located at 151 – West 2nd Avenue, Vancouver, British Columbia, V5Y 0L8.

The Company is a house of brands that strategically aligns with licensed cannabis producers to manufacturer a variety of cannabis products. Through their strategic partnership agreements with these licensed manufacturers, the Company will manufacture and specialize in cannabis-based concentrates, beverages, edibles and apparels.

These financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company reported a loss of \$56,112 for the year ended February 28, 2021 (February 29, 2020 - \$2,280) and had an accumulated deficit of \$58,392 as at February 28, 2021 (February 29, 2020 - \$2,280). The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or achieve profitable operations. The achievement of profitable operations is dependent on the demand of its manufactured products by the retailers. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain expenses. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, the pandemic has not had a significant impact on the Company's operations, however the pandemic could impact the Company's ability to complete the proposed transaction with Entheos Capital Corp. (Note 14). Management continues to monitor the situation.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of presentation

The financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

The accounting policies set out in Note 3 have been applied consistently by the Company in all years presented.

The financial statements of the Company for the year ended February 28, 2021 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 21, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

THE BC BUD CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

The key areas of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- Going concern

As the Company currently does not generate income from operations, the assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events, such as revenue generation, that are believed to be currently reasonable.

The key areas of estimates applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- Deferred income tax

The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred tax assets.

Financial instruments

Financial assets

The Company classifies its financial assets as fair value through profit or loss or amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVPL") are initially recognized at fair value with changes in fair value recorded in profit or loss. The Company's cash is recorded at fair value through profit or loss.

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities, due to shareholder and loan payable.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

THE BC BUD CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

All inventories are periodically reviewed for impairment due to slow-moving and obsolete inventory. Provisions for obsolete, slow-moving or defective inventories are recognized in profit or loss. Previous write-downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventories.

Machinery and equipment

Machinery and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded using the declining balance method and is intended to depreciate the costs of assets over their estimated useful life:

Machinery	50% per year
Equipment	20% per year

None of Company's machinery and equipment was ready for its intended use as of February 28, 2021, and hence no amortization was taken during the current fiscal year.

Intangible asset

The intangible asset is recorded at cost. The Company's intangible asset is not yet ready for its intended use as of February 28, 2021, and hence no amortization was taken during the current fiscal year.

Non-monetary transactions

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset received, whichever is more reliable, unless the transaction lacks commercial substance or the fair value cannot be reliably established. The commercial substance requirement is met when the future cash flows are expected to change significantly as a result of the transaction. When the fair value of a non-monetary transaction cannot be reliably measured, it is recorded at the carrying amount (after reduction, when appropriate, for impairment) of the asset given up adjusted by the fair value of any monetary consideration received or given. When the asset received or the consideration given up is shares in an actively traded market, the value of those shares will be considered fair value.

Impairment of non-current assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Indefinite life intangible assets are tested for annually, or more frequently, if events or changes indicate that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

THE BC BUD CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share capital

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported loss, shares at the average market price during the period.

Income taxes

The Company uses the deferred method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Contribution from shareholder

The Company has a loan agreement with a significant shareholder. When loan agreements are entered into with owners of the Company, the excess of cash received over the fair value of the loan is classified as a contribution from shareholder within equity reserves.

Upcoming accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended February 28, 2021, and have not been applied in preparing these financial statements. Management does not expect the adoption of any such new standards and amendments to have any significant impact on its financial statements

4. INVENTORY

Inventory	February 28, 2021	February 29, 2020
Finished goods	\$ 6,273	\$ -
Balance, end of year	\$ 6,273	\$ -

Inventory consists of branded promotional materials for sale.

THE BC BUD CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

5. MACHINERY AND EQUIPMENT

	Machinery	Equipment	Total
Cost			
Balance, February 29, 2020	\$ -	\$ -	\$ -
Additions	49,528	19,063	68,591
Balance, February 28, 2021	\$ 49,528	\$ 19,063	\$ 68,591
Accumulated Depreciation			
Balance, February 29, 2020 and February 28, 2021	\$ -	\$ -	\$ -
Net Book Value			
Balance, February 29, 2020	\$ -	\$ -	\$ -
Balance, February 28, 2021	\$ 49,528	\$ 19,063	\$ 68,591

6. INTANGIBLE ASSET

On February 5, 2021, the Company entered an asset assignment and assumption agreement, under which trademarks were assigned to the Company by a shareholder of the Company for consideration of 10,000,000 common shares. The intangible asset consists of trademarks, "The BC Bud Co.", "Canna Beans", "Buds", "Solventless Solutions" and "Not an LP". The trademarks include all rights to and content of the domain names, social media names, all literature and social media sites, branding and design material associated with the trademarks.

7. LOAN PAYABLE

On January 20, 2021, the Company issued a loan of \$100,000 to Sutton Ventures Ltd., a significant shareholder of the Company. The loan is secured by all present and after acquired property of the Company and is payable on the earlier of:

- January 15, 2023; or
- The occurrence of an event of default.

No interest will accrue on the outstanding balance, unless an event of default occurs, in which cases, interest will be deemed to have accrued on the outstanding balance from the date of advancement at a rate of 8.0% per annum, compounded annually, and will be payable maturity.

The loan is recorded at fair value on initial recognition, which was determined to be \$84,642 using a discount rate of 8.5%, resulting in a total discount of \$15,358. As the loan was provided by a shareholder of the Company, the discount was recorded as an equity contribution. During the year ended February 28, 2021, accretion expense of \$1,119 (February 29, 2020 - \$Nil) was recorded in the statements of loss and comprehensive loss.

8. SHARE CAPITAL

- Authorized share capital
Unlimited number of common shares without par value.

- Issued share capital

In the year ended February 28, 2021, the Company:

- Issued 10,000,000 common shares to founders of the Company under an asset assignment and assumption agreement (Note 6);
- Completed a private placement of 2,500,000 common shares at a price of \$0.14 per common share for gross proceeds of \$350,000.

THE BC BUD CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

8. SHARE CAPITAL (cont'd...)

c) In the year ended February 28, 2020, the Company:

- i. Issued 1 common share for gross proceeds of \$1 upon incorporation. The Company subsequently repurchased this share for the same amount and cancelled the common share.

9. RELATED PARTY TRANSACTIONS AND BALANCES

Management

Key management personnel comprise the Chief Executive Officer and President. The remuneration of the key management personnel during the year ended February 28, 2021 was \$Nil (February 29, 2020 - \$Nil).

During the year ended February 28, 2021 the Company issued a loan to Sutton Ventures Ltd., an entity controlled by the CEO of the Company (Note 7). As at February 28, 2021 the principal amount due on the loan was \$100,000.

As at February 28, 2021, the Company had \$14 (February 29, 2020 - \$780) due to a significant shareholder for expenses paid on behalf of the Company. These amounts are non-interest bearing and due on demand.

10. INCOME TAXES

Current income tax rate differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% (2020 - 27.00%) to income before income taxes. The reasons for the differences are as follows:

	2021	2020
Income before income tax	\$ (56,112)	\$ (2,280)
Statutory income tax rate	27.00%	11%
Income tax expense computed at Canadian statutory rates	(15,150)	(251)
Origination and reversal of temporary differences	4,147	-
Unused tax losses and tax offsets not recognized in tax assets	11,003	251
Income tax recovery	\$ -	\$ -

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets have been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2021		2020	
	Temporary Difference	Tax Asset (Liability)	Temporary Difference	Tax Asset (Liability)
Non-capital losses	\$ 57,273	\$ 15,464	\$ 2,280	\$ 251
Loan payable	(14,239)	(3,845)	-	-
Unrecognized deductible temporary differences	(43,034)	(11,619)	(2,280)	(251)
Total	\$ -	\$ -	\$ -	\$ -

As at February 28, 2021, the Company has Canadian non-capital losses of \$57,273 that may be applied to reduce future taxable income. If these losses are not used to offset future income, they will expire through fiscal years 2040 to 2041.

THE BC BUD CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The Company classifies its cash as fair value through profit or loss measured at level 1 inputs of the fair value hierarchy. Accounts payable and accrued liabilities and due to shareholder are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments. Loan payable is carried at amortized cost, measured at level 2 inputs of the fair value hierarchy.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. Although the Company believes its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with a chartered bank. The Company considers credit risk with respect of these amounts to be low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2021, the Company had a working capital of \$324,137. The Company's financial liabilities mature within 30 days with the exception of the promissory note which is payable on January 15, 2023 (Note 7).

Market risk

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives. The Company is not currently exposed to any significant interest rate, foreign exchange rate or commodity and equity prices risk.

12. CAPITAL MANAGEMENT

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity. In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year ended February 28, 2021.

13. SEGMENTED INFORMATION

The Company's operations comprise a single reporting segment. As the operations comprise a single reporting segment, amounts disclosed in the financial statements for expenses and loss for the period also represent segmented amounts.

All of the Company's operations and assets are in Canada.

THE BC BUD CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

14. PROPOSED TRANSACTION

On February 7, 2021, the Company entered into a binding letter agreement with Entheos Capital Corp. ("Entheos") whereby Entheos will acquire all of the issued and outstanding securities of the Company by way of a share exchange (the "Transaction").

Upon the successful completion of the Transaction, it is anticipated that Entheos will carry on the business of the Company (the "Resulting Issuer") and will seek to delist its common shares from the TSX Venture Exchange and list its common shares on the Canadian Securities Exchange ("CSE") such that on the date of closing, the common shares of the Resulting Issuer would be listed on the CSE as a life science issuer in the cannabis industry.

Pursuant to the Transaction, Entheos will issue common shares in its capital ("ENTH Shares") to the holders of common shares in the capital of the Company ("BCBC Shares") on the basis of approximately 2.1 ENTH Shares for each BCBC Share. It is anticipated that approximately 26,250,000 ENTH Shares will be issued pursuant to the Transaction based on the current capital structure of BCBC.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction on or before March 15, 2021 (executed), the completion of a private placement by Entheos to raise gross proceeds of at least \$1,000,000 (completed), shareholder approval and the approval of the CSE and other applicable regulatory authorities.

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**THE BC BUD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS (“MD&A”)**

FOR THE YEAR ENDED FEBRUARY 28, 2021



THE BC BUD CORPORATION

Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended February 28, 2021.

This management discussion and analysis of the financial condition and results of operations ("MD&A") of The BC Bud Corporation ("Company" or "BCBC"), is for the years ended February 28, 2021 and February 29, 2020 and is dated June 21, 2021. The MD&A should be read in conjunction with the Company's audited financial statements and the accompanying notes for the years ended February 28, 2021 and February 29, 2020.

This MD&A provides information that the management of the Company believes is important to understanding the results of operations and financial conditions of the Company. All amounts are presented in Canadian dollars, unless otherwise noted. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued but the International Accounting Standards Board ("IASB").

Forward-Looking Statements

This MD&A may contain statements that are "forward-looking statements". These include statements about the Company's expectations, beliefs, plans, objectives and assumptions about future events or performance. These statements are often, but not always, made through the use of words or phrases such as "will likely result", "are expected to", "will continue", "anticipate", "believes", "estimate", "intend", "plan", "would", and "outlook" or statements to the effect that actions, events or results "will", "may", "should" or "would" be taken, occur or be achieved. Forward-looking statements are not historical facts, and are subject to a number of risks and uncertainties beyond the Company's control. Accordingly, the Company's actual results could differ materially from those suggested by these forward-looking statements for various reasons discussed throughout this analysis. Forward-looking statements are made on the basis of the beliefs, opinions and estimates of the Company's management on the date the statements are made and the Company does not undertake any obligation to update forward-looking statements if the circumstances or management's beliefs, opinions or estimates should change. Readers should not place undue reliance on forward-looking statements.

The global pandemic related to an outbreak of the novel coronavirus disease ("COVID-19") has cast uncertainty on many of the Company's assumptions and estimates. There can be no assurance that such assumptions and estimates continue to be valid. Given the rapid pace of change in the severity of and response to the COVID-19 outbreak, it is premature for the Company to make further assumptions or estimates. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on our business is not known at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, impairments in the value of our long-lived assets, or potential future decreases in revenue or profitability of our ongoing operations. See "Risk Factors".

Corporate Information

The BC Bud Corporation (the "Company") was incorporated under the Canada Business Corporations Act on March 1, 2019. Effective November 17, 2020, the Company continued in the Province of British Columbia. The records office of the Company is located at 151 – West 2nd Avenue, Vancouver, British Columbia, V5Y 0L8.

The Company is a house of brands that strategically aligns with licenced cannabis producers to manufacturer a variety of cannabis products. The manufacturers are licenced under the *Cannabis Act*, (together with the regulations made thereunder from time to time, the "Cannabis Act"). Through their strategic partnership agreements with these licenced manufacturers, the Company will manufacture and specialize in cannabis based concentrates, beverages, edibles and apparels.

On October 1, 2020 the Company re-acquired the only outstanding share from Thomas Joshua Taylor. Prior to repurchasing of share, the Company was a shell Company with no operations. The Company issued 5,000,000 common shares to each of TJJ Ventures Ltd. and Sutton Ventures Ltd. as consideration for an intangible asset. On February 1, 2021, BCBC issued 2,500,000 common shares to L5 Capital Inc. for \$350,000 at \$0.14 per share.

On November 19, 2020 the Company entered into a manufacturing and co-packing agreement with Black Rose Organics. BCBC engaged Black Rose Organics to manufacture, co-pack and distribute a cannabis chocolate covered bean line in Canada. BCBC will supply all branding, marketing and equipment relating to manufacturing the product. Subsequent to the agreement, the Company has purchased several machinery and equipment.

On January 20, 2021, BCBC received a \$100,000 loan from Sutton Ventures Ltd, a related party to help purchase

machinery and equipment.

On January 22, 2021 the Company entered into a production agreement with, Habitat Life Science Inc., ("Habitat") to extract, process, and distribute Cannabis products in Canada using Habitat services, facilities and required Health Canada, (HC) licences.

Business Overview

BCBC works with existing cannabis licence holders to bring to market variety of "products" by way of strategic partnerships. The Company holds a variety of patent licences or brands' specializing in concentrates beverages, edibles and apparel. The Company strategically aligns with licenced manufacturers in producing, extracting and manufacturing these products.

The Company will use Black Rose Organics' (an Ontario based medical licenced cannabis manufacturer under the *Cannabis Act*) services, facilities, input materials, distribution, and storage and HC sales licences to manufacture Canna Beans (a registered patent). The first phase of production will consist of Cannabis edible products containing THC, CBD, CBG and/or CBN with a goal of getting in the near future. The Canna Beans will be sold directly to medical patients and also through recreational sales into Alberta, British Columbia, and Ontario. BCBC will supply all branding, marketing and equipment related to manufacturing the products.

The Company has agreement with Habitat Life Science Inc., a licenced producer under the *Cannabis Act*. Under this agreement, Habitat will extract process and distribute Cannabis products in Canada using Habitat's own services, facilities and required HC licences. BCBC owns the brand "Solventless Solutions" where the brand consists of a line of cannabis concentrate products. The first phase of production will consist of Cannabis concentrate products using Habitat purchased inputs. BCBC will supply all requested specialized expertise, branding, packaging and equipment related to Solventless Solutions products.

For the year ended, February 28, 2021, the Company sold some lifestyle apparel to consumers for brand recognition.

For the year ended, February 28, 2021, the Company had not manufactured any products for the sale of medical cannabis to licenced retailers.

Results of Operations

During the fiscal year ended February 28, 2021 the Company generated revenue from sales of merchandise apparel of \$534 (2020 - \$nil). The inventory at year end was \$6,273 (2020 - \$nil) and consists of a variety of lifestyle brand apparel. Inventory is recorded at the lower of cost and net realizable value. All inventories are periodically reviewed for impairment due to slow-moving and obsolete inventory. Provisions for obsolete, slow-moving or defective inventories are recognized in profit or loss.

General and administrative expenses were \$55,266 for the year ended February 28, 2021 compared to (2020 - \$2,280). The overall Company expenses had increased in 2021 due to professional costs such as accounting and legal fees for which there are mostly no prior year comparatives. In addition, \$10,000 in consulting fees was paid for business plan development. Furthermore, a marketing consultant was hired in January 1, 2021 to promote social media awareness of the Company brands. As such, the marketing expenses were \$17,017 for the year ended February 28, 2021, for which there are no previous year comparatives.

The Company did not record any depreciation and amortization for the year ended February 28, 2021. As the machinery and equipment purchased during the year were not yet commissioned for use.

Selected Annual Financial Information

The following table sets forth a comparison of revenues and earnings on an annual basis for each of the two most recently completed years.

	Year Ended February 28, 2021 (\$)	Year Ended February 29, 2020 (\$)
Revenue	534	-
Net loss	56,112	2,280
Loss per share	0.01	2,280
Total assets	420,532	1
Working capital (deficit)	324,136	(2,279)
Total non-current financial liabilities	85,761	-
Cash dividends declared	-	-

Operating, Financing and Investing Activities

The table below highlights the Company's cash flows for the year ended February 28, 2021 as compared to the year ended February 29, 2020:

	Year Ended February 28, 2021 (\$)	Year Ended February 29, 2020 (\$)
Net cash provided by (used in):		
Operating activities	(40,980)	-
Investing activities	(68,591)	-
Financing activities	449,999	1
Increase in cash	340,428	1

The following table sets forth, for the quarter indicated, information relating to the Company's revenue, net loss and loss per common share for the eight most recently completed fiscal quarters.

	Revenues \$	Net Loss \$	Basic and Diluted Net Loss / Share \$
May 31, 2019	-	(450)	(450)
August 31, 2019	-	-	-
November 30, 2019	-	(330)	(330)
February 29, 2020	-	(1,500)	(1,500)
May 31, 2020	-	(430)	-
August 31, 2020	-	(6,901)	-
November 30, 2020	569	(13,260)	-
February 28, 2021	-	(35,521)	-

Liquidity and Capital Resources

On January 20, 2021 the Company received a loan of \$100,000 from Sutton Ventures Ltd., a related party.

Cash used in investing activities was \$68,591 (2020 - \$Nil), all related to acquisition of machinery and equipment for Black Rose Organics and Habitat manufacturing facilities to be used in production of the cannabis products.

On February 1, 2021, the Company raised gross proceeds of \$350,000 by way of a non-brokered private placement of 2,500,000 units at a price of \$0.14 per share of common shares to L5 Capital Inc. The Company continually monitors its capital resources to assess the liquidity necessary to fund operations and future strategy. As at February 28, 2021, the Company had a cash balance of \$340,429 (2020 - \$1) and working capital of \$324,136 (2020 - \$(2,279)).

During the year ended February 28, 2021, the Company had a net addition in cash of \$340,428 (2020 – net addition of \$1).

Proposed Transactions

On February 7, 2021, the Company entered into a binding letter agreement with Entheos Capital Corp. (“Entheos”) whereby Entheos will acquire all of the issued and outstanding securities of the Company by way of a share exchange (the “Transaction”).

Upon the successful completion of the Transaction, it is anticipated that Entheos will carry on the business of the Company (the “Resulting Issuer”) and will seek to delist its common shares from the TSX Venture Exchange and list its common shares on the Canadian Securities Exchange (“CSE”) such that on the date of closing, the common shares of the Resulting Issuer would be listed on the CSE as a life science issuer in the cannabis industry.

Pursuant to the Transaction, Entheos will issue common shares in its capital (“ENTH Shares”) to the holders of common shares in the capital of the Company (“BCBC Shares”) on the basis of approximately 2.1 ENTH Shares for each BCBC Share. It is anticipated that approximately 26,250,000 ENTH Shares will be issued pursuant to the Transaction based on the current capital structure of BCBC.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction on or before March 15, 2021 (executed), the completion of a private placement by Entheos to raise gross proceeds of at least \$1,000,000 (completed), shareholder approval and the approval of the CSE and other applicable regulatory authorities.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly. The key management team personnel comprise of the Chief Executive Officer and President. The remuneration of the key management personnel during the year ended February 28, 2021 was \$Nil (2020 - \$Nil).

During the year ended February 28, 2021, the Company issued 2,500,000 common shares valued at \$350,000 (2020 - \$Nil) to a new shareholder for 20% equity in the Company.

During the year ended February 28, 2021 the Company gave a promissory note to Sutton Ventures Ltd., whose principal is a related party to the Company. As at February 28, 2021 the amount due on the note is the principal sum of \$100,000. The loan is a non-interest bearing and if paid on or earlier of January 15th, 2023. However, if the Company for some reason is not able to pay the loan by January 15, 2023, an interest rate of 8% will be compounded annually.

As at February 28, 2021, the Company had \$14 (February 29, 2020 - \$780) due to a significant shareholder for expenses paid on behalf of the Company. These amounts are non-interest bearing and due on demand.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Use of Estimates and New Accounting Standards

The Company’s significant accounting policies under IFRS are contained in note 3 of the audited financial statements for the years ended February 28, 2021 and 2020. Certain of these policies require management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered being relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the audited financial statements relate to going concern assumptions, the estimated useful lives of property, plant and equipment, valuation of loan payable and provision for income tax expense and deferred tax assets and liabilities.

Summary of Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of Common Shares. As of the date of this MD&A, the Company had the following securities issued and outstanding:

<u>Securities</u>	<u>Number</u>
Common Shares	12,500,000
Total outstanding	<u>12,500,000</u>

Recent accounting pronouncements and changes in accounting policies

There are no new accounting pronouncements affecting the company.

Risk Factors

There are numerous and varied risks, known and unknown, that may prevent BCBC from achieving its goals. The risks described below are not the only ones BCBC will face. If any of these risks actually occurs, BCBC's business, financial condition or results of operations may be materially and adversely affected.

General Business Risk and Liability

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

COVID-19

The global pandemic related to an outbreak of COVID-19 has cast uncertainty on many of the Company's assumptions and estimates. There can be no assurance that such assumptions and estimates continue to be valid. Given the rapid pace of change in the severity of and response to the COVID-19 outbreak, it is premature for the Company to make further assumptions or estimates. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on our business is not known at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, impairment of investments, impairments in the value of our long-lived assets, or potential future decreases in revenue or profitability of our ongoing operations.

The Company's business is dependent on a number of factors which could be adversely disrupted by, among others, major health issues or pandemics. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the COVID-19 outbreak on our business. These factors are beyond our control, may adversely affect us and our suppliers or cause disruptions to their and our businesses and may impact their ability to supply us.

Reliance on Manufacturer Licences

The Company will be dependent on manufacturers' licences which are subject to ongoing compliance and reporting requirements, to conduct its business. Failure to comply with the requirements of these licences or any failure to obtain or maintain those licences could have a material adverse impact on the business, financial condition and operating results of the Company. There can be no guarantee that a licence will be issued, extended or renewed or, if issued, extended or renewed, that it will be issued, extended or renewed on terms that are favorable to the Company.

Limited Operating History

BCBC entered the medical and recreational cannabis business in 2019. BCBC is therefore subject to many of the risks common to entering a new area of investment, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and a lack of revenue. There is no assurance that BCBC will be successful in achieving a return on its shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

History of Net Losses

BCBC has incurred operating losses in recent periods. BCBC may not be able to achieve or maintain profitability and may continue to incur significant losses in the future if the Company does not start production.

Consumer Perception and negative publicity

The medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. The cannabis industry is still young and is vulnerable to negative public perception. This is largely due to lack of consumer education. The Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. Negative consumer perception could adversely impact the demand on the products which will directly impact the financial condition or profitability. The parties with which BCBC does business with may also perceive that they are exposed to reputational risk as a result of cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on BCBC.

Reliance on Management

The success of BCBC is dependent upon the ability, expertise, good judgment, and discretion of senior management and key stakeholders of the Company. Any loss of the services of such individuals could have a material adverse effect on BCBC's business, operating results or financial condition.

Intellectual Property

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others.

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

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either the federal government or private cit

BCBC will only conduct business activities related to growing or processing cannabis in jurisdictions where it is federally legal to do so. BCBC believes that conducting activities which are federally-illegal, or investing in companies which do, puts the Company at risk of prosecution, puts at risk its ability to operate freely, and potentially could jeopardize its listing on major exchanges now and in the future, limiting access to capital from large and reputable global funds.

Conflicts of Interest

Certain directors and officers of BCBC are also, or may become, directors and officers of other entities, or are otherwise engaged, and will continue to be engaged, in activities that may put them in conflict with the business strategy of the Company. Consequently, there is a risk that such officers or directors will be in a position of conflict. Conflicts, if any, will be subject to the procedures and remedies available under the CBCA.

In addition, BCBC's directors and the officers are required to act honestly and in good faith with a view to its best interests. However, in conflict of interest situations, BCBC's directors and officers may owe the same duty to another Company and will need to balance their competing interests with their duties to BCBC. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to BCBC.

Dividends

BCBC has not paid dividends in the past and does not anticipate paying dividends in the near future. BCBC expects to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in BCBC's businesses. Any decision to declare and pay dividends in the future will be made at the discretion of the board of directors of BCBC and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the board of directors of BCBC may deem relevant.

Limited Market for Securities

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

Liquidity Risk

BCBC's ability to remain liquid over the long term may depend on its ability to obtain additional financing. BCBC has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis.

Litigation

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

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

Political and Economic Instability

BCBC may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect BCBC's business. Additionally, as legalization of cannabis occurs in markets outside of Canada, including, but not limited to, the United States, the Company may be subject to enhanced competition from foreign cannabis producers, which could adversely impact the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The impact of these factors cannot be accurately predicted.

Global Economy Risk

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. BCBC will be dependent upon the capital markets to raise additional financing in the future, while it executes on its business plans. As such, BCBC is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact BCBC's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to BCBC and its management. If uncertain market conditions persist, BCBC's ability to raise capital could be jeopardized, this could have an adverse impact on BCBC's operations and the trading price of the Common Shares.

Industries Regulatory Risks

Cannabis industry is in its infancy. This new industry is highly regulated, competitive and rapidly changing. As such, BCBC's should be able to adapt to these market and regulatory changes creates new challenges for the Company. The management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

BCBC's ability to grow, store and sell cannabis in Canada is dependent on their strategic partnership agreements which are dependent on licences from Health Canada. To maintain such licences the manufacturing partners need to be in good standing. Failure to comply with the requirements of the licences and maintaining these licences would have a material adverse impact on the business, financial condition and operating results of BCBC.

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

Governmental Regulation

The Industry is heavily regulated. While the Company is not directly impacted by the regulations as it does not hold any licenses to operate relating to Health Canada. However, the Company's strategic partners are subject to all the various laws, regulations and guidelines by government authorities particularly to HC, relating to aspects of manufacturing. The Company needs to restrictive business activities with anyone in its supply chain that is not compliant under the Cannabis Act.

To the knowledge of management, strategic partners are all in compliance under the Cannabis Act. Failure of the Company's compliance with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on its licences to operate the Company's business; the suspension or expulsion from a particular market or jurisdiction or of its key personnel; and, the imposition of fines and censures. To the extent that there are changes to the existing or the enactment of future laws and regulations that affect the sale or offering of the Company's product or services in any way it may have a material adverse effect on the Company's business, financial condition and results of operations.

With the Cannabis Act now in effect, there is no guarantee that provincial legislation regulating the distribution and sale of cannabis for recreational adult-use purposes will be enacted according to the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the opportunities for growth anticipated by the Company. For example, the Provinces of Québec, New Brunswick, Nova Scotia, Prince Edward Island and the Northwest Territories have announced sales and distribution models that would create government-controlled monopolies over the legal retail and distribution of cannabis for adult use purposes in such provinces, which could limit the Company's opportunities in those provinces. On September 27, 2018, the government of Ontario tabled Bill 36, An Act to enact a new Act and make amendments to various other Acts respecting the use and sale of cannabis and vapour products in Ontario ("Bill-36"), which received Royal Assent on October 17, 2018. Bill-36 amended the *Cannabis Act, 2017* and enacted the *Ontario Cannabis Act*, which creates a licensing regime for privately-owned retail cannabis outlets administered by the Alcohol and Gaming Commission of Ontario.

Government imposed Taxes and Levies

BCBC operations are variety of regulations such government imposed taxes and levies. Changes to such laws, regulations and guidelines, including changes related to government taxes and levies, may materially and adversely affect BCBC's businesses, financial conditions and results of operations.

Risks Inherent in an Agriculture Business

The Company is reliant on the inputs and that involves the growing of cannabis. While the Company is not directly involved in growing of cannabis an agricultural product, BCBC is still subjected to the inherent risk of all agricultural related risks such as weather, climate, pests and plant diseases.

Reliance on Key Inputs

The Company is dependent on a number of key inputs and their related costs, including raw materials and supplies related to their operations, that any negative change in the supply chain, could materially impact the Company's financial condition and operating results.

Banking Challenge

Banking has been a challenge in the cannabis industry. While BCBC does not anticipate any banking restrictions at this time, there is a risk that banking institutions may not accept payments related to the cannabis industry. Such risks

could increase costs for BCBC.

In the event financial service providers do not accept accounts or transactions related to the cannabis industry, BCBC would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. BCBC's inability to manage such risks may adversely affect BCBC's operations and financial performance.

Competition from pharmaceutical industry

The pharmaceutical industries attempt to dominate the synthetic products use over the cannabis industry which could cause adverse change to demand in the organic cannabis industry. As such, the long-term profitability and success of the Company could be negatively impacted.

SCHEDULE "H"

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER AS AT FEBRUARY 28, 2021

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Entheos Capital Corp.
(to be renamed BC Bud Corporation)

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

February 28, 2021

ENTHEOS CAPITAL CORP.**(to be renamed BC Bud Corporation)****PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(Unaudited)

(Expressed in Canadian Dollars)

February 28, 2021

	Entheos Capital Corp. March 31, 2021	The BC Bud Corporation February 28, 2021	Pro-Forma Adjustments	Notes	Pro-Forma Consolidated
ASSETS					
Current					
Cash and cash equivalents	\$ 935,298	\$ 340,429	\$ 97,500	3(a)	\$ 2,273,227
			1,000,000	3(b)	
			(100,000)	3(d)	
Restricted cash	393,500	-	(393,500)	3(b)	-
Prepaid expenses and deposits	21,864	2,317	-		24,181
Inventory	-	6,273	-		6,273
Accounts receivable	1,775	1,582	-		3,357
	<u>1,352,437</u>	<u>350,601</u>	<u>604,000</u>		<u>2,307,038</u>
Property and equipment	-	68,591	-		68,591
Intangible assets	-	1,340	-		1,340
	<u>\$ 1,352,437</u>	<u>\$ 420,532</u>	<u>\$ 604,000</u>		<u>\$ 2,376,969</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	\$ 16,089	\$ 26,416	\$ -		\$ 42,505
Provincial sales tax (PST) payable	-	35	-		35
Due to shareholder	-	14	-		14
	<u>16,089</u>	<u>26,465</u>	<u>-</u>		<u>42,554</u>
Loan payable	<u>-</u>	<u>85,761</u>	<u>-</u>		<u>85,761</u>
	16,089	112,226	-		128,315
Shareholders' equity					
Share capital	11,069,779	351,340	97,500	3(a)	4,255,971
			1,000,000	3(b)	
			(12,167,279)	3(c)	
			3,904,631	3(c)	
Subscription received	393,500	-	606,500	3(b)	-
			(1,000,000)	3(b)	
Reserves	625,507	15,358	(625,507)	3(c)	15,358
Deficit	(10,752,438)	(58,392)	12,792,786	3(c)	(2,022,675)
			(3,904,631)	3(c)	
			(100,000)	3(d)	
	<u>1,336,348</u>	<u>308,306</u>	<u>604,000</u>		<u>2,248,654</u>
	<u>\$ 1,352,437</u>	<u>\$ 420,532</u>	<u>\$ 604,000</u>		<u>\$ 2,376,969</u>

The accompanying notes are an integral part of these unaudited pro-forma consolidated financial statements.

ENTHEOS CAPITAL CORP.
(to be renamed BC Bud Corporation)

NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

February 28, 2021

1. ARRANGEMENT

The unaudited pro-forma consolidated financial statements of Entheos Capital Corp. ("Entheos" or the "Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") from information derived from the financial statements of Entheos and the financial statements of The BC Bud Corporation ("BC Bud") using the same accounting policies as described in BC Bud's annual financial statements together with other information available to the Company. The unaudited pro-forma consolidated financial statements have been prepared for inclusion in the Filing Statement in conjunction with a reverse takeover transaction involving Entheos and BC Bud.

Entheos entered into a share exchange agreement (the "Agreement") with BC Bud on March 15, 2021. The transaction, pursuant to the Agreement, will result in a reverse takeover of Entheos by BC Bud (the "Transaction"). Although the Transaction will result in a legal combination of Entheos and BC Bud to form the resulting issuer (the "Resulting Issuer"), from an accounting perspective, the Transaction is considered to be a reverse takeover. See "Pro-forma Assumptions and Adjustments" below. For financial reporting purposes, the Resulting Issuer is considered a continuation of BC Bud, the legal subsidiary, except with regard to authorized and issued share capital, which is that of the Company, the legal parent.

Under the terms of the Agreement:

- The issued and outstanding BC Bud shares are exchanged for Resulting Issuer shares on the basis of 2.1 Resulting Issuer share for each BC Bud share held immediately before the Transaction, and the BC Bud shares so exchanged will immediately be cancelled; and
- The Resulting Issuer continues under the name The BC Bud Corporation.

Entheos shareholders hold 41.46% of the outstanding Resulting Issuer shares; and (ii) the current shareholders of BC Bud hold 26,250,000 Resulting Issuer shares, representing approximately 58.54% of the outstanding Resulting Issuer shares. The Transaction has been accounted for in accordance with IFRS 2, *Share-based payments* and IFRS 3, *Business combinations* ("IFRS 3"). As Entheos did not qualify as a business in accordance with IFRS 3, the Transaction will be accounted for as an acquisition of the net assets of Entheos by BC Bud.

The Transaction is subject to shareholder approval. The Company has applied to list (the "Listing") its common shares on the Canadian Securities Exchange (the "CSE") under the ticker symbol "BCBC", subject to meeting listing requirements and obtaining approval of the CSE.

2. BASIS OF PREPARATION

The unaudited pro-forma consolidated financial statements have been prepared by management to give effect to the Transaction. In the opinion of management, the unaudited pro-forma consolidated financial statements include all adjustments necessary for the fair presentation of the transactions as described in Note 3 and in accordance with IFRS.

The unaudited pro-forma consolidated financial statements have been prepared for illustrative purposes only and may not be indicative of the financial position and results of operations that would have occurred if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. The unaudited pro-forma consolidated financial statements are not a forecast or projection of future results. The actual financial statements and results of the Resulting Issuer for any period following February 28, 2021 will likely vary from the amounts set forth in the unaudited pro-forma consolidated financial statements and such variation may be material.

The unaudited pro-forma consolidated financial statements should be read in conjunction with:

- a) Entheos' unaudited condensed interim financial statements as at March 31, 2021 and for the three months then ended;
- b) BC Bud's audited financial statements as at February 28, 2021 and for the year then ended; and
- c) the additional information set out in Note 3.

The unaudited pro-forma consolidated financial statements have been prepared as if the Transaction described in Note 3 had occurred on February 28, 2021.

ENTHEOS CAPITAL CORP.
(to be renamed BC Bud Corporation)

NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

February 28, 2021

3. PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro-forma consolidated financial statements incorporate the following pro-forma assumptions and adjustments which gives effect to the Agreement of Entheos and BC Bud as if it had occurred on February 28, 2021:

a) *Exercise of warrants*

On April 9, 2021, the Company issued 650,000 common shares upon exercise of warrants at a price of \$0.15 per warrant for gross proceeds of \$97,500.

b) *Subscription receipts financing*

On April 26, 2021, Entheos completed a non-brokered private placement of subscription receipts ("Subscription Receipts") issuing 4,000,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt generating gross proceeds of \$1,000,000. The Subscription Receipts will automatically convert immediately into one unit ("Unit") prior to the closing of the Transaction. Each Unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase a common share at a price of \$0.50 for a period of two years.

c) *Reverse acquisition accounting*

In accordance with reverse acquisition accounting:

- i. The net assets of BC Bud are included in the unaudited pro-forma consolidated financial position at their historic value.
- ii. The net assets of Entheos are included at fair value, assumed to be equal to their carrying value at March 31, 2021.
- iii. Share capital, reserves, and deficit of Entheos are eliminated.

The fair value of the 18,593,482 shares issued to acquire Entheos was based on the prevailing estimated share price of \$0.21. The preliminary allocation of estimated consideration transferred is subject to change and is summarized as follows:

Purchase Price	
18,593,482 shares at \$0.21	\$ 3,904,631
Net assets of Entheos	
Cash and restricted cash	2,032,798
Accounts receivable	1,775
Prepaid expenses and deposits	21,864
Accounts payable and accrued liabilities	<u>(16,089)</u>
	2,040,348
Reverse Takeover Expense	\$ 1,864,283

Entheos Capital's existing share capital (\$12,167,279), reserves (\$625,507) and deficit (\$12,792,786) are eliminated.

d) *Transaction costs*

The Company has estimated transaction costs of \$100,000 are expected to be paid by the Resulting Issuer in respect of professional fees for the Transaction and have been recorded as additional reverse takeover expense.

ENTHEOS CAPITAL CORP.
(to be renamed BC Bud Corporation)

NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

February 28, 2021

4. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common shares without par value.
 Unlimited number of preferred shares without par value.

b) Issued share capital

	Number of Shares	Amount	Reserves
Capital stock of Entheos at March 31, 2021	13,943,482	\$ 11,069,779	\$ 625,507
Subsequent shares issued by Entheos (Note 3(a))	650,000	97,500	-
Conversion of subscription receipt (Note 3(b))	4,000,000	1,000,000	-
Remove equity of Entheos (Note 3(c))	-	(12,167,279)	(625,507)
Capital stock of BC Bud at February 28, 2021	-	351,340	-
Reverse takeover - shares issued to shareholders of BC Bud (Note 3(c))	26,250,000	3,904,631	-
Resulting Issuer common shares outstanding	44,843,482	\$ 4,255,971	\$ -

c) Stock options

Stock options outstanding as at February 28, 2021:

	Number outstanding	Exercise price	Expiry date
Stock options	85,000	\$ 1.00	October 13, 2022

d) Warrants

Warrants outstanding as at February 28, 2021:

	Number outstanding	Exercise price	Expiry date
Warrants	4,000,000	\$ 0.50	April 26, 2023

e) Restricted share units

Restricted share units ("RSUs") outstanding as at February 28, 2021:

	Number outstanding	Vesting Dates
RSUs	1,050,000	February 28, 2022
	1,050,000	February 28, 2023
	<u>2,100,000</u>	

A total of 2,100,000 RSUs will be issued to directors and consultants upon completion of the Transaction. The RSUs will entitle the holders to acquire an aggregate of 2,100,000 shares subject to vesting such that 50% of the RSUs shall vest into common shares on the date which is one year following the closing date of the Transaction and the balance of the RSUs will vest into common shares on the date which is two years following the closing date, provided that the holder continues, on such vesting dates, to hold a role with the Resulting Issuer as a director, officer, employee or consultant.

ENTHEOS CAPITAL CORP.

(to be renamed BC Bud Corporation)

NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

February 28, 2021

4. SHARE CAPITAL AND RESERVES (cont'd...)

e) Restricted share units (cont'd...)

The fair value per RSU is estimated at the prevailing fair value share price of \$0.21 for a total fair value of \$441,000 which will be recognized over the vesting period. No share-payments payments expense has been recognized in the pro-forma statement of financial position as the expense will be recognized over the following two-year period.

5. PRO-FORMA TAX RATE

The pro-forma effective tax rate that will be applicable to the consolidated operations is 27%.

CERTIFICATE OF ENTHEOS CAPITAL CORP.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of the Issuer assuming completion of the Transactions, Financing and other transactions described herein.

By order of the Board of Directors

June 21, 2021

(signed) "*Brayden Sutton*"

Brayden Sutton
President, Chief Executive Officer and
Director

(signed) "*Samantha Shorter*"

Samantha Shorter
Chief Financial Officer

On behalf of the Board of Directors

(signed) "*Thomas Joshua Taylor*"

Thomas Joshua Taylor
Director

(signed) "*Corey Larricq*"

Corey Larricq
Director

CERTIFICATE OF THE BC BUD CORPORATION

The foregoing as it relates to the Target constitutes full, true and plain disclosure of all material facts relating to the securities of the Target.

June 21, 2021

(signed) *"Thomas Joshua Taylor"*
Thomas Joshua Taylor
President and Director

On behalf of the Board of Directors

(signed) *"Brayden Sutton"*
Brayden Sutton
Director