



WORLD-CLASS EXTRACTIONS

**WORLD CLASS EXTRACTIONS INC.
ANNUAL INFORMATION FORM**

For the Fiscal Year Ended December 31, 2018

May 3, 2019

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ABOUT THIS ANNUAL INFORMATION FORM

Unless otherwise indicated or if the context otherwise requires, “**Company**”, “**World Class**”, “**we**”, “**us**” and “**our**” means World Class Extractions Inc. (formerly, CBD Med Research Corp.), its predecessors and subsidiaries.

All financial information and all dollar amounts in this annual information form (“**Annual Information Form**” or “**AIF**”) are stated in Canadian dollars, unless otherwise indicated. The Company prepares its financial statements in accordance with International Financial Reporting Standards (“**IFRS**”) and accordingly, financial information in this AIF is presented in accordance with IFRS.

Statistical information and other data relating to the medical cannabis industry and the cannabis industry in general included in this AIF are derived from industry reports published by industry analysts, industry associations and/or independent consulting and data compilation organizations. Market data and industry forecasts used throughout this AIF were obtained from various publicly available sources. Although we believe that these independent sources are generally reliable, the accuracy and completeness of such information is not guaranteed and has not been independently verified.

This AIF applies to the business activities and operations of the Company for the year ended December 31, 2018. Unless otherwise indicated, the information in this AIF is given as of May 3, 2019.

FORWARD LOOKING STATEMENTS

This AIF and the documents incorporated into this AIF contain “forward-looking statements” and “forward-looking information” within the meaning of applicable securities laws (forward-looking information and forward-looking statements being collectively hereinafter referred to as “**forward-looking statements**”). Such forward-looking statements are based on expectations, estimates and projections as at the date of this AIF or the dates of the documents incorporated herein, as applicable. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends”, or variations of such words and phrases, or stating that certain actions, events or results “may” or “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company after the date of this AIF; market position, ability to compete and future financial or operating performance of the Company after the date of this AIF; statements based on the audited and unaudited financial statements of the Company; anticipated developments in operations; the future demand for the Company’s products; the results of development of products and the timing thereof; the timing and amount of estimated capital expenditure in respect of the business of the Company; operating expenditures; success of marketing activities; estimated budgets; currency fluctuations; requirements for additional capital; government regulation; limitations on insurance coverage; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; planned

business activities and planned future acquisitions; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the Company's management, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation those risks outlined in "*Description of the Business – Risk Factors*".

The list of risk factors set out in this AIF is not exhaustive of the factors that may affect any forward-looking statements of the Company. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this AIF generally and certain economic and business factors, some of which may be beyond the control of the Company. In addition, recent unprecedented events in the world economy and global financial and credit markets have resulted in high market and commodity volatility, which could have a particularly significant, detrimental and unpredictable effect on forward-looking statements. The Company does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the Company's securityholders should not place undue reliance on forward-looking statements.

GLOSSARY

“Alkaline Debentures”	has the meaning ascribed to such term on page 10 of this AIF;
“Alkaline Spring”	means Alkaline Spring Inc., a corporation formed under the laws of the Province of Alberta;
“Alkaline Warrants”	has the meaning ascribed to such term on page 10 of this AIF;
“Amalco”	has the meaning ascribed to such term on page 8 of this AIF;
“Amalgamation”	has the meaning ascribed to such term on page 11 of this AIF;
“Arrangement”	has the meaning ascribed to such term on page 9 of this AIF;
“Arrangement Agreement”	has the meaning ascribed to such term on page 9 of this AIF;
“Ascension”	has the meaning ascribed to such term on page 10 of this AIF;
“BCBCA”	means the <i>Business Corporations Act</i> (British Columbia);
“Business Combination Agreement”	means the business combination agreement dated February 13, 2019 among the Company, World Class Ontario, and Numco;
“Cannabis Sale License”	has the meaning ascribed to such term on page 14 of this AIF;
“Canntab”	means Canntab Therapeutics Limited, a corporation formed under the federal laws of Canada;
“Cole Memorandum”	has the meaning ascribed to such term on page 19 of this AIF;
“Collaboration Agreement”	has the meaning ascribed to such term on page 19 of this AIF;
“Common Share”	means the common shares in the capital of the Company, whether before or after the Stock Split, as the case may be;
“Company”	has the meaning ascribed to such term on page 4 of this AIF;
“Consultants”	has the meaning ascribed to such term on page 29 of this AIF;
“CSA”	means the <i>Controlled Substances Act</i> (United States);
“CSE”	means the Canadian Securities Exchange;
“Directors”	has the meaning ascribed to such term on page 29 of this AIF;
“Eligible Persons”	has the meaning ascribed to such term on page 28 of this AIF;
“Employees”	has the meaning ascribed to such term on page 29 of this AIF;
“Exchange Ratio”	has the meaning ascribed to such term on page 9 of this AIF;
“FSD”	means FSD Pharma Inc., which was incorporated under the OBCA.
“FV Facility”	has the meaning ascribed to such term on page 11 of this AIF;
“FV Pharma”	has the meaning ascribed to such term on page 11 of this AIF;

“Hemp Supply Agreement”	has the meaning ascribed to such term on page 11 of this AIF;
“Hybrid”	has the meaning ascribed to such term on page 10 of this AIF;
“Lease Agreement”	has the meaning ascribed to such term on page 12 of this AIF;
“License Agreement”	has the meaning ascribed to such term on page 11 of this AIF;
“Lock-Up Agreements”	has the meaning ascribed to such term on page 33 of this AIF;
“Locked-Up Securities”	has the meaning ascribed to such term on page 33 of this AIF;
“LOI”	has the meaning ascribed to such term on page 11 of this AIF;
“Numco”	means CBD Acquisition Corp., former wholly-owned subsidiary of the Company which was incorporated under the OBCA on January 30, 2019, and which was subject to the Amalgamation;
“OBCA”	means the <i>Business Corporations Act (Ontario)</i> ;
“Parity”	has the meaning ascribed to such term on page 10 of this AIF;
“Quadron”	has the meaning ascribed to such term on page 9 of this AIF;
“Quadron Shares”	has the meaning ascribed to such term on page 9 of this AIF;
“RBA”	has the meaning ascribed to such term on page 19 of this AIF;
“Standard Processing License”	has the meaning ascribed to such term on page 12 of this AIF;
“Stock Option Plan”	has the meaning ascribed to such term on page 28 of this AIF;
“Stock Split”	has the meaning ascribed to such term on page 11 of this AIF;
“Subscription Receipts”	has the meaning ascribed to such term on page 31 of this AIF;
“THC”	means tetrahydrocannabinol;
“TSXV”	has the meaning ascribed to such term on page 30 of this AIF;
“US Extraction Services”	has the meaning ascribed to such term on page 10 of this AIF;
“WCE Facility”	has the meaning ascribed to such term on page 11 of this AIF;
“WCE Mobile Units”	has the meaning ascribed to such term on page 15 of this AIF;
“WCE Technology”	has the meaning ascribed to such term on page 12 of this AIF;
“WCEO Offering”	has the meaning ascribed to such term on page 31 of this AIF;
“WCEO Share”	means the common shares in the capital of World Class Ontario; and
“World Class Ontario”	means World Class Extractions Inc., which was incorporated under the OBCA on January 25, 2018, and which was subject to the Amalgamation.

CORPORATE STRUCTURE

Name, Address and Incorporation

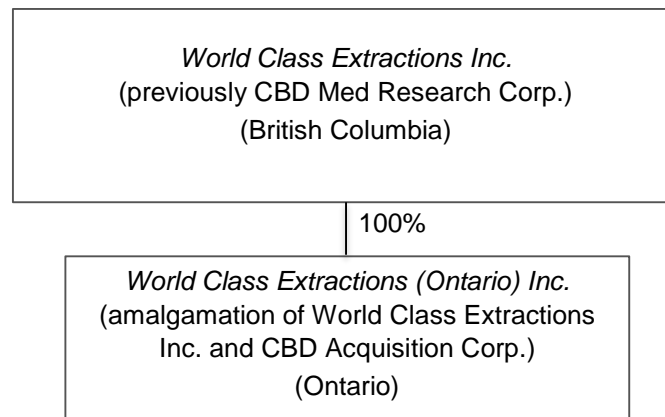
The full corporate name of the Company is “World Class Extractions Inc.”, which the Company changed from “CBD Med Research Corp.” (its former name) upon completion of the Amalgamation. The head and registered office of the Company is located at 810-675 West Hastings Street, Vancouver, British Columbia, V6B 1N2. The Company is a reporting issuer in the Provinces of British Columbia and Alberta.

The Company was originally incorporated under the BCBCA on December 2, 1965, under the name “Luaaron Metals Ltd.”, by the filing of its memorandum and articles with the British Columbia Registrar of Companies. The Company changed its name, on July 10, 1981, to “Lynx Resources Ltd.”; on January 21, 1987, to “Avatar Resource Corporation”; and on December 21, 1993, to “Blackline Oil Corporation”. On February 20, 2001, the Company changed its name to “Resourceexplorer Inc.” and continued its jurisdiction of incorporation into the Province of Alberta. On July 23, 2002, the Company changed its name to “Exchequer Resource Corp.”; and on October 25, 2004, the Company was continued into British Columbia under the BCBCA. The Company changed its name to “CBD Med Research Corp.” on July 17, 2014.

Intercorporate Relationships

World Class Extractions (Ontario) Inc. (“**Amalco**”), a wholly-owned subsidiary of the Company, was formed under the OBCA on March 11, 2019, pursuant to the Amalgamation of Numco and World Class Ontario.

Set out below is the corporate structure of the Company and its subsidiaries, including the corporate jurisdiction and the percentage of shares of the subsidiaries owned, controlled or directed by the Company:



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The following description sets out the principal events that have influenced the development of the business of the Company over the past three years, see also “*Description of the Business*”.

- 1. Retention of Financial Advisor:** On April 18, 2019, the Company announced that it had retained the services of Mackie Research Capital Corporation to act as financial advisor to the Company, which includes advisory services, in exchange for 3,000,000 Common Share purchase warrants, each of which entitle the holder thereof to purchase one Common Share in the capital of the Company at an exercise price of \$0.18 at any time up to 36 months from issuance. Vesting of the warrants is conditional on the daily volume weighted average trading price of the Common Shares exceeding \$0.18 for 20 consecutive trading days within 6 months of issuance.
- 2. Listing on the Frankfurt Stock Exchange:** On April 17, 2019, the Common Shares were listed on the Frankfurt Stock Exchange, trading under the ticker symbols “WCF” and “WKN: A2PF9C”.
- 3. Arrangement Agreement:** On April 15, 2019, the Company and Quadron Cannatech Corporation (“**Quadron**”) entered into an arrangement agreement providing for the merger of the companies (“**Arrangement Agreement**”).

Pursuant to the Arrangement Agreement, the Company has agreed to acquire, through a wholly-owned subsidiary, all of the issued and outstanding common shares of Quadron (collectively, the “**Quadron Shares**”) by way of a statutory plan of arrangement under the BCBCA (the “**Arrangement**”). Pursuant to the terms of the Arrangement Agreement, the shareholders of Quadron will receive two (the “**Exchange Ratio**”) Common Shares of the Company, for every Quadron Share held.

The consideration values Quadron at approximately \$0.25 per Quadron Share, representing a premium of approximately 19% to the price of Quadron Shares compared to the closing price on April 12, 2019, and a premium of approximately 12.7% based on the trailing 15-day volume-weighted average price of each company as of the close of trading on April 12, 2019. Upon completion of the Arrangement, it is expected that shareholders of Quadron will receive approximately 143,300,894 Common Shares, representing approximately 24.1% of the total issued and outstanding Common Shares on a post-Arrangement basis.

The Company and Quadron have retained advisors in relation to the Arrangement. M Partners Inc. has provided a fairness opinion to the board of directors of Quadron that the Arrangement is fair, from a financial point of view. Furthermore, First Republic Capital Corporation is acting as financial advisor to the Company. In addition to other fees and expenses payable, the Company is required to pay a success fee to First Republic Capital Corporation and Canaccord Genuity Corp. upon the closing of the Arrangement equal to, respectively, approximately 2.73% and 0.77% of the aggregate fair market value of the Common Shares issuable by the Company to Quadron’s shareholders, payable in Common Shares.

The board of directors of the Company and Quadron have both unanimously approved the proposed Arrangement. Certain directors, management and Quadron shareholders representing over 23% of the issued and outstanding Quadron Shares have signed lockup agreements to vote their Quadron Shares in favour of the Arrangement.

4. **Retention of Capital Markets Consultants:** On April 8, 2019, the Company announced that it had retained Hybrid Financial Ltd. (“**Hybrid**”) and Ascension Millionaires Club Inc. (“**Ascension**”) to enhance the Company’s market awareness and foster a productive dialogue with shareholders and other market participants. The Company will pay Hybrid a monthly fee of \$15,000, and granted Hybrid options to purchase 350,000 Common Shares at a price equal to \$0.17 at any time on or before April 8, 2024. The Company will pay Ascension a monthly fee of \$10,000, and grant to Ascension options to purchase 300,000 Common Shares at a price of \$0.17 at any time on or before April 8, 2021.
5. **Investment in Alkaline Spring:** On April 8, 2019, the Company invested \$2 million in consideration for 2,000 senior secured convertible debentures (“**Alkaline Debentures**”), and 11,111,111 common share purchase warrants (“**Alkaline Warrants**”) of Alkaline Spring.

The Alkaline Debentures mature in two years, are priced at \$1,000 per debenture, bear interest at 9% per annum, and are convertible into common shares of Alkaline Spring at an initial price of \$0.18 per share, subject to downward adjustment in certain circumstances. The Alkaline Warrants are each exercisable into one further share at a price of \$0.25 for a period of three years.

In addition to the Alkaline Debentures and Alkaline Warrants, the Company received certain rights as a substantial investor, including (i) a right of first refusal to supply any cannabis or hemp extracts required in Alkaline Spring’s business; (ii) the exclusive right to license future formulations of Alkaline Spring’s planned cannabis and hemp infused waters and to market and sell, on a white label basis, its products in certain markets other than Canada; and (iii) the right to appoint two directors to the board of Alkaline Spring.

6. **Revenue Collaboration Agreement:** On March 21, 2019, the Company and Parity Partners PBC (“**Parity**”) entered into a definitive collaboration agreement (“**Collaboration Agreement**”), which provides that Parity shall, in exchange for financing from the Company, provide the following services:
 - source appropriate locations in the United States to locate the Company’s proprietary extraction machines;
 - obtain all licenses and approvals necessary for the Company to extract oils containing THC, CBD, and other cannabinoids from hemp and cannabis plants (the “**US Extraction Services**”);
 - supply the raw materials necessary for the Company to perform US Extraction Services; and
 - develop a market for the US Extraction Services and the products produced out of the US Extraction Services, including by employing salespeople and developing relationships with distributors.

7. **Listing on the CSE:** On March 21, 2019, the Common Shares were listed on the CSE, trading under the ticker symbol “PUMP”.
8. **Letter of Intent – Merger:** On March 20, 2019, the Company and Quadron entered into a binding letter of intent (the “**LOI**”) to proceed with a business combination by way of a statutory plan of arrangement under the BCBCA pursuant to which the Company has agreed to acquire, either directly or through a wholly-owned subsidiary, all of the issued and outstanding Quadron Shares.
9. **Issuance of Stock Options and Finder’s Fee:** On March 18, 2019, the Company granted to its continuing directors, officers, consultants and employees (as recommended by its board of directors), an aggregate of 10,600,000 stock options and 5,600,000 Common Share purchase warrants. The stock options and warrants each entitle the holders thereof to acquire one Common Share for a period of two years.
10. **Completion of Three-cornered Amalgamation and Reverse Takeover:** On March 11, 2019, the Company, World Class Ontario, and Numco closed the transactions contemplated by the Business Combination Agreement, and effected a merger by way of a three-cornered amalgamation (the “**Amalgamation**”) under the OBCA. Under the terms of the Business Combination Agreement, World Class Ontario amalgamated with Numco to become a wholly-owned operating subsidiary of the Company and carry on the existing business of World Class Ontario. Pursuant to the terms of the Business Combination Agreement, each shareholder of World Class Ontario received one (1) Common Share for every one (1) WCEO Share. In addition, each holder of a stock option, warrant, or broker warrant of World Class Ontario received an equal number of replacement stock options, warrants and broker warrants of the Company, as applicable.
11. **Stock Split:** On February 28, 2019, the Company completed a stock split (the “**Stock Split**”) on the basis of one (1) Common Share prior to the Stock Split to three (3) Common Shares following the Stock Split, resulting in there being an aggregate of 29,014,575 Common Shares issued and outstanding. The Company also filed a notice of alteration to change its name to “World Class Extractions Inc.”
12. **Hemp Supply Agreement:** On February 12, 2019, the Company signed a supply agreement with FSD, Canntab and 10975443 Canada Inc. (the “**Hemp Supply Agreement**”) to purchase approximately 1,000 kg of 10975443 Canada Inc.’s 2018 hemp crop at a purchase price of \$100.00 per kg per 1% of CBD extracted from the flower. Working alongside Canntab and FSD, the Company will extract CBD from the organic hemp. The hemp flower will be processed into gel capsules and tablets at the FV Facility.
13. **FV Pharma License Agreement:** On November 20, 2018, the Company signed an agreement (the “**License Agreement**”) with FV Pharma Inc. (“**FV Pharma**”), a wholly-owned subsidiary of FSD, a reporting issuer listed on the CSE under the ticker “HUGE”. FV Pharma is a licensed producer in the Province of Ontario that received its license to cultivate cannabis on October 13, 2017. FV Pharma’s production facility is 630,000 square feet on a 70-acre plot of land in Cobourg, Ontario. The Company intends to build a commercial scale pilot plant (the “**WCE Facility**”) within FV Pharma’s facility (the “**FV Facility**”), following which, the Company will be able to provide extraction services directly to FV Pharma. The License Agreement also includes provisions for the distribution of the

Company's products through FV Pharma's distribution channels, thereby allowing the Company to rapidly penetrate the recreational market in Canada.

- 14. Lease Agreement:** On October 1, 2018, World Class Ontario and FV Pharma entered into a lease agreement which has been assigned to and binds Amalco following the Amalgamation ("**Lease Agreement**"). Pursuant to the Lease Agreement, Amalco may occupy a space in the FV Facility for the purpose of creating extraction manufacturing capabilities and any other ancillary related products containing cannabis. The term of the lease is for a period of ten (10) years from the date of execution of the Lease Agreement.
- 15. Letter of Intent – Amalgamation:** In August 2018, the Company entered into a letter of intent with World Class Ontario in connection with the Amalgamation. The parties subsequently entered into the Business Combination Agreement which replaced such letter of intent.
- 16. Previous Business Activities:** During the financial year ended December 31, 2015, the Company entered into a definitive agreement with Medipacs Inc., a California based corporation that had developed technology to administer pain medication in the field of veterinary and animal health care. The Company formally terminated the agreement with Medipacs Inc. on January 7, 2017.

DESCRIPTION OF THE BUSINESS

General

The Company is developing a unique extraction process to produce quality, potent cannabis extracts. Subject to the successful development of this extraction process and receiving the relevant licenses from Health Canada, the business of the Company is to commercialize its extraction technology, which uses ultrasound to effectively produce extracts from cannabis and hemp and isolate essential compounds found in plant material (the "**WCE Technology**"). The Company intends to apply for a Health Canada standard processing license ("**Standard Processing License**") during 2019 under the guidance of external consultants. The Standard Processing License is required to allow the Company to utilize the WCE Technology to extract cannabidiol oils from cannabis.

The WCE Technology has a number of advantages over conventional extraction methods, including the ability to: (i) produce higher concentrated compounds; (ii) process full spectrum brand oil at larger volumes, since extraction occurs on a continuous basis, rather than in batches; (iii) utilize undried cannabis or hemp in the process; and (iv) reduce production time. In addition, tests that the Company has performed indicate that the WCE Technology may be able to utilize all parts of cannabis or hemp plants. The Company believes that the advantages of the WCE Technology will allow it to capitalize on the significant opportunities in the medical and recreational cannabis and hemp markets. The Company intends to utilize the WCE Technology to provide extraction services to producers of cannabis licensed under the *Cannabis Act* (Canada) and related regulations, and to hemp farmers. The WCE Technology allows the Company's prospective customers to eliminate designated drying areas in their production facilities and expand their active canopy for growing more cannabis or hemp. The Company's mobile extraction services would also enable its customers to eliminate capital expenditures for in-house extraction equipment and reduce processing fees. Traditional extraction methods require cannabis or hemp

to be dried and cured, which may take up to 70 days, and consequently extend the production time for producing extracts. The WCE Technology would essentially eliminate this waiting period. Further, the WCE Technology minimizes by-product plant biomass produced, instead utilizing all parts of the cannabis or hemp plant (including roots) in the extraction process.

As of the date of this AIF, the Company has built a pilot extraction unit which utilizes the WCE Technology. The Company has performed extensive testing of the WCE Technology using the pilot extraction unit, which it has conducted on certain botanicals, but not hemp or cannabis. These tests indicate that the WCE Technology has all of the advantages outlined above as compared to conventional extraction methods. In addition, the Company has (i) currently contracted for the production of two commercial units, which are currently being built in India, and the Company expects that those commercial units will be delivered and be operational in Canada by Q2 2019; and (ii) is in the process of building a stationary commercial unit which currently resides at the WCE Facility, which it expects to be finalized by Q4 2019.

Production and Services

Preliminary testing conducted on certain botanicals, but not hemp or cannabis, using a Company pilot extraction unit suggests that the WCE Technology shall be capable of producing cannabinoid extracts directly from any species of freshly harvested cannabis and/or hemp, by processing the entire plant including any roots, stems, leaves, buds and seeds. It is expected that the WCE Technology may be used on by-products of cannabis plants used for production of dried cannabis flower which would otherwise have no commercial use.

Testing conducted to date suggests that the WCE Technology could process a mixture of solvent and shredded or ground freshly harvested plant material. The solution would be subjected to ultrasound waves using a sonication instrument. Ultrasound waves are known to break down cellular structures in plant materials and are expected to free cannabinoid oils into a solution, which would then be filtered and further processed to remove any undesirable components, leaving only high-grade cannabinoid oils.

Specialized Skill and Knowledge

WCE Technology

The Company has previously filed, and will continue to file, patent applications directed to its proprietary systems and methods for producing cannabis extracts. Such systems and methods are believed to be novel and non-obvious, based on the ability of the WCE Technology to produce extracts that have substantially greater concentrations of target cannabinoids and possess minimal contaminants. The WCE Technology can also be applied to freshly harvested cannabis plants, and thereby eliminate prolonged drying times, and can be used to derive extracts from the entire cannabis plant, such as the roots, stems and other plant structures that are typically discarded despite being rich in target cannabinoids.

Additional advantages of the WCE Technology include:

- the ability to process very large volumes of cannabis and hemp plant material;
- the ability to be transported to, and deployed at, remote locations, subject to any regulatory restrictions, including health and safety and transport, and other limitations, such as those posed by infrastructure; and

- the ability to process cannabis in a manner that minimizes the volume of biomass by-products, without making use of any toxic solvents.

The Company intends to pursue patents for its technology in every major industrialized country of economic significance. In the event that the Company succeeds in its efforts to patent its technology, the Company will likely have, subject to customary risks associated with intellectual properties, including those discussed elsewhere in this AIF, the ability to prevent competitors from making, using, selling and/or offering for sale the systems and methods as claimed by the Company's patent applications. Such intellectual property assets, if obtained, are anticipated to play an important role to the Company's success and provide the Company with a significant competitive advantage in the marketplace.

The Company does not currently have its own Standard Processing License, required by Health Canada to extract cannabidiol oils from cannabis. The Company intends to apply for a Standard Processing License during 2019. In the interim, the Company will operate under a Standard Processing License which FSD has obtained from Health Canada. The Company intends to rely on a cannabis sale license ("**Cannabis Sale License**") FSD holds and will modify to allow for the sale of the cannabidiol oils produced using the WCE Technology to third parties. The Cannabis Sale License, the License Agreement, and the Company's relationship with FV Pharma and FSD are essential to the Company's success.

Technical Specialists

The Company employs a full-time system process engineer and a scientist to maintain its equipment and technology. Furthermore, the Company has retained the services of a US-based intellectual property attorney to defend its ownership of the WCE Technology.

Competitive Conditions

The Company believes that changes to Canadian legislation in the *Cannabis Act* (Canada) provide attractive 'early mover opportunities' in areas other than simple cultivation and sale of cannabis. These emerging opportunities include the production of value-added products such as extracts manufactured using cannabinoid oils for use in a growing varieties of consumer cannabis products. Extracts will soon be widely marketed at the sub wholesale, wholesale and retail levels for use alone or in several new products which will include everything from infused edibles, vaporizer compounds and beverages, to infused cosmetics and medicinal compounds. The Company is currently focused on the commercialization of its products in Canada, and in the province of Ontario in particular, and will continuously re-evaluate commercialization opportunities in the United States when and if such commercialization becomes viable and/or legislative changes occur.

The Stage of Development of New Principal Products

As of the date of this AIF, the Company's principal products and services were not yet fully developed and their commercialization had not yet begun. The Company intends to focus on manufacturing and developing unique consumer products using the WCE Technology, which the Company believes will give it a competitive advantage in the sale of products manufactured with cannabinoid oil extracted from hemp and cannabis.

The Company can, subject to the successful development of the WCE Technology and the receipt of all relevant licenses from Health Canada, provide the following services to customers:

Mobile Extraction Services

The Company can provide certain mobile units it has developed (“**WCE Mobile Units**”) to licenced hemp and cannabis producers under a fee for service, royalty based, or revenue sharing model. As of the date of this AIF, the Company is building two WCE Mobile Units in India. The Company anticipates that these two WCE Mobile Units will likely be operational by Q2 2019. In addition, the Company also intends to build one stationary unit in Canada at the WCE Facility, which the Company expects to be operational by Q4 2019.

In-House Partnership

The Company can design, build and operate full scale extraction set-ups in licensed facilities on a revenue sharing basis. As of the date of this AIF, the Company’s only in-house partnership is with FSD and FV Pharma, with respect to the WCE Facility. The Company intends to continue to actively seek opportunities to build further partnerships, and intends to target the hemp field in Canada.

End User Products

The Company will develop, produce and distribute products to end users in partnership with licensed producers, subject to Health Canada approval. As of the date of this AIF, the Company does not possess a license to sell products directly to end users.

Cannabinoid oils are typically significantly more potent than the equal amount of standard cannabis buds. At high grades, a cannabis concentrate is reminiscent of the cannabis strain it was extracted from; the smell, taste, and effects are simply magnified due to a larger concentration by weight.

End user products which the Company may develop, produce and distribute could include cannabinoid oils sold for: smoking, vaporizing or dabbing; consumption in tinctures to be taken orally as drops, added to food or applied directly to the skin; consumption as pills and other edibles.

Brands

The Company will acquire recognized brands in order to enhance its ability to sell cannabinoids through licenced distributors. As of the date of this AIF, there are no negotiations to which the Company is a party.

Components

As of the date of this AIF, the Company had entered into the Hemp Canada Supply Agreement and the License Agreement to source cannabis to be used to generate cannabinoid oils. The terms of the Hemp Supply Agreement and the License Agreement are further described under “*General Development of the Business*”. As of the date of this AIF, no agreements had yet been entered into to source cannabis for processing using the Company’s WCE Mobile Units.

Intangible Properties

The Company has applied to patent the WCE Technology and for trade-mark protection in the United States of America and internationally. The duration and effect of patent and trade-mark protection will vary according to each jurisdiction. The Company has retained patent and trade-mark litigation attorneys to enforce all its intellectual property rights to the fullest extent possible.

Cycles

The Company's business is not expected to be cyclical or seasonal. Market demand for wholesale of cannabidiol oils is not projected to vary significantly from month-to-month. Although growth of outdoor cannabis crops is affected by seasonal changes, the Company expects to be able to store dried cannabis plants for processing at times other than during the cannabis growing season. Furthermore, FV Pharma will supply the Company with cannabis grown at its indoor facilities, and such supply will not be affected by seasonal changes.

Foreign Operations

As of the date of this AIF, the WCE Mobile Units located in India were under construction. Furthermore, the Company had entered into the Collaboration Agreement with Parity which relates to, among other things, the US Extraction Services. Since the Company had not begun its operations in India and does not have operations in other foreign jurisdictions outside of Canada, there were no material risks associated with its foreign operations located in India. As of the date of this AIF, the Company had not yet received revenue relating to the Collaboration Agreement. However, the Company had identified certain risks related to U.S. operations, which are further described under "*United States Cannabis Disclosure*".

Employees

As of the date of this AIF, the Company employed four full time employees, which are the Chief Executive Officer Michael McCombie, the Chief Financial Officer Donal Carroll, and two additional employees. At the current stage of development, the Company is focused on maintaining a lean corporate structure, utilizing sales agents for client acquisition when possible.

Risk Factors

Dependent on relationship with FSD – The ability of the Company to carry on its business in extracting and processing cannabinoids derived from cannabis and hemp is dependent on obtaining all required licences, including the licences to produce cannabis oil products, and adherence to all regulatory requirements related to such activities.

The Company intends to rely on FSD's Cannabis Sale License to sell the cannabidiol oils produced using the WCE Technology to third parties. Such sale would require FSD to modify the Cannabis Sale License it currently holds. There is no certainty that FSD will be granted the required amendments to the Cannabis Sale License.

At present, the Company's ability to carry on its business in extracting and processing is heavily dependent on its business relationship with FSD and its ability to utilize FSD's Standard Processing License and Cannabis Sale License.

No Standard Processing License – As of the date of this AIF, the Company does not possess its own Standard Processing License to produce extracts from cannabis and hemp using the WCE Technology. Instead, the Company intends to operate under a Standard Processing License held by FV Pharma, pursuant to the terms of the License Agreement, which grants to FV Pharma a non-exclusive license to manufacture, commercialize, sell, and offer for sale, CBD, oil and other extracts extracted using the WCE Technology. The Company's ability to produce extracts from cannabis and hemp on its own using the WCE Technology is dependent on the Company

obtaining, in the future, a Standard Processing License from Health Canada. Any Standard Processing License granted to the Company will be subject to ongoing compliance and reporting requirements, and a failure to comply with the requirements of such licence, or any failure to maintain such licenses, would have a material adverse impact on the business, financial condition and operating results of the Company.

There can be no assurance that Health Canada will grant the Company a Standard Processing License, and further, there can be no assurance that if granted, Health Canada will extend or renew such license or, if extended or renewed, that such license will be extended or renewed on the same or similar terms. Should Health Canada not grant, extend or renew the Standard Processing License, or should Health Canada extend or renew such licenses on different terms, the business, financial condition and operating results of the Company would be materially adversely affected.

Government licenses are currently, and in the future may be, required in connection with the Company's operations, in addition to other unknown permits and approvals which may be required. The Company cannot predict the time required to secure all appropriate regulatory approvals for its operations, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or a failure to obtain, the necessary regulatory approvals will significantly delay or prevent the development of the Company's business and operations and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Dependence on Third Party Suppliers – The Company's business is dependent on its ability to source cannabis from FSD and other licensed producers and suppliers. A failure to source the cannabis required for the Company's business and operations would have a material adverse impact on the business, financial condition and operating results of the Company. Real or perceived quality control problems with raw materials sourced from FSD or other third parties could negatively impact consumer confidence in the Company's products, or expose it to liability. In addition, disruption in the operations of any such supplier or material increases in the price of raw materials, for any reason, such as changes in economic and political conditions, tariffs, trade disputes, regulatory requirements, import restrictions, loss of certifications, power interruptions, fires, hurricanes, drought or other climate-related events, war or other events, could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Commercialization Risk – As of the date of this AIF, the Company has built a pilot extraction unit which utilizes the WCE Technology. The Company's ability to build a commercial scale system and provide extraction services to the global market will require that its pilot extraction unit be scalable from laboratory, pilot and demonstration projects to large commercial-scale WCE Mobile Units in large-scale projects. At present, the assembly and test operation of the Company's pilot extraction unit takes place in a controlled assembly and test environment. However, The Company may be unable to control the environment in which large commercial-scale WCE Mobile Units are assembled, or in which they operate, and consequently, the Company's WCE Mobile Units may become non-functional, their results may be adversely affected and the assembled and tested WCE Mobile Units may become defective. In addition, the Company may not have identified all of the factors that could affect the extraction processes, with the result that the Company's pilot extraction unit may not perform as expected when applied at large commercial-scale, or that the Company may encounter operational challenges for which it may be unable to

identify a workable solution. Any unanticipated issues in the extraction process, and other similar challenges could decrease the efficiency of the extraction process, create delays and increase the Company's costs, and lead the Company to be unable to scale up its extraction process in a timely manner, on commercially reasonable terms, or at all. If the Company is unable to replicate the test results of its pilot extraction unit at a large commercial scale, its ability to commercialize the WCE Technology will be adversely affected, and consequently, its ability to reach, maintain and increase the profitability of its business will be adversely affected.

Cannabis Sector Risks – As discussed further below, subject to further clarity on the position of the U.S. Federal Government on the enforcement of U.S. federal laws relating to the cannabis industry, the Company may, in the future, be involved in select states within the United States, and may directly derive a portion of its revenues from, the cannabis industry in certain U.S. states, which industry is illegal under U.S. federal law. The Company may therefore be directly involved in the cannabis industry in the United States where local state law permits such activities, as well as the cannabis industry in Canada.

As discussed under “*Description of the Business – Risk Factors – United States Cannabis Industry Risk*”, as a result of the conflicting views between state legislatures and the U.S. federal government regarding cannabis, cannabis businesses in the United States are subject to inconsistent legislation and regulation. Unless and until the United States Congress amends the CSA with respect to cannabis and there can be no assurance as to the timing or scope of any such potential amendments, there is a risk that U.S. federal authorities may enforce current federal law, which may adversely affect the planned future operations of the Company in the United States. As such, there are a number of risks associated with the Company's planned future operations in the United States, and such operations may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate in the United States. The Company has not yet commenced any cannabis-related activities in the United States, nor has it determined in which states it will operate, other than North Carolina under the Hemp Supply Agreement. Prior to commencing any such cannabis-related activities, the Company intends to obtain legal advice and develop a compliance program to ensure, to the greatest extent possible, that the Company conducts its operations in compliance with applicable state laws and limits its potential exposure arising from federal laws, and will do so for each state in which it proposes to operate.

United States Cannabis Industry Risk – Almost half of the U.S. states have enacted legislation to regulate the sale and use of medical cannabis without limits on THC, while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC.

Unlike Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the *Cannabis Act* (Canada), the United States largely regulates cannabis at the state level. To the Company's knowledge, there are approximately 30 states, plus the District of Columbia, Puerto Rico and Guam that have legalized cannabis in some form. Notwithstanding the permissive regulatory environment of medical cannabis at the U.S. state level, cannabis continues to be categorized as a controlled substance under the CSA in the United States and as such, it is illegal under federal law in the United States.

The U.S. Congress has passed appropriations bills in each of the last three years that have not appropriated funds for prosecution of cannabis offenses of individuals who are in compliance with state medical cannabis laws. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business - even those that have fully complied with state law - could be prosecuted for violations of federal law. If Congress restores funding, the U.S. federal government will have the authority to rely on the CSA's five-year statute of limitations and prosecute individuals for violations of the law that occurred before it lacked funding. Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for The Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

As a result of the conflicting views between state legislatures and the U.S. federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the "**Cole Memorandum**") addressed to all U.S. district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the U.S., several U.S. states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum outlined certain priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard.

However, on January 4, 2018, the U.S. federal government rescinded all previous nationwide guidance specific to cannabis enforcement, including the Cole Memorandum. With the Cole Memorandum rescinded, U.S. federal prosecutors may exercise their discretion in determining whether to prosecute cannabis-related violations of U.S. federal law. It is possible that further regulatory developments in the U.S. could significantly adversely affect the business, financial condition and results of businesses involved in the cannabis industry.

Notwithstanding the foregoing, pursuant to the Rohrabacher Blumenauer Amendment (the "**RBA**"), until September 2018, the Department of Justice is prohibited from expending any funds for the prosecution of medical cannabis businesses operating in compliance with state and local laws. In September 2018, Congress passed the *Continuing Appropriations Act, 2019* (United

States) which extends the deadline of the March 2018 omnibus spending bill until December 21, 2018. On December 22, 2018, Congress failed to pass an omnibus appropriations bill for fiscal year 2019, causing a shutdown of the U.S. federal government. Currently, the RBA is no longer in effect. At this time, there can be no assurance that the U.S. federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law. Further, while proposed legislation similar to the RBA is currently included in both the House of Representatives version (referred to therein as the “Joyce Amendment”) and the U.S. Senate version (referred to therein as the “Leahy Amendment”) of the 2019 omnibus appropriations bill, there can be no assurances that it will be included in final appropriations package.

As the RBA has not been renewed, there can be no assurance that the U.S. federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law. Any such proceeding could involve significant restrictions being imposed upon the Company or third parties, while diverting the attention of key executives. Such proceedings could also have a material adverse effect on the Company’s business, revenues, operating results and financial condition as well as the Company’s reputation, even if such proceedings were concluded successfully in favour of the Company.

In addition, given the heightened risk profile associated with cannabis in the United States, CDS may implement procedures or protocols that would prohibit or significantly curtail the ability of CDS to settle trades for cannabis companies that have cannabis businesses or assets in the United States. It is not certain whether CDS will decide to enact such measures, nor whether it has the authority to do so unilaterally. However, if CDS were to decide that it will not handle trades in our securities, it could have a material adverse effect on the ability of investors to settle trades in a timely manner and on the liquidity of the Company’s securities generally.

Regulatory Risks – Successful execution of the Company’s strategy is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The commercial medical cannabis industry is a new industry and the Company cannot predict the impact of the compliance regime Health Canada is implementing for the Canadian medical cannabis industry. Similarly, the Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. The impact of Health Canada’s compliance regime, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of the Company.

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

Change in Laws, Regulations and Guidelines – The Company’s operations are, and may in the future become, subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of

medical cannabis, including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. To the knowledge of management, other than routine corrections that may be required by Health Canada from time to time, the Company is currently in compliance with all such laws; however, changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to its operations.

The Company is continuously reviewing and enhancing its operational procedures and facilities on a proactive basis. The Company follows all regulatory requirements in response to inspections in a timely manner.

The Company endeavours to comply with all relevant laws, regulations and guidelines. To the Company's knowledge, it is in compliance or in the process of being assessed for compliance with all such laws, regulations and guidelines as described elsewhere in this AIF.

Reliance on Management and Key Personnel – The Company believes that its success has depended, and continues to depend, on the efforts and talents of its executives and employees, including its Chief Executive Officer. The Company'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 Company may incur significant costs to attract and retain them. In addition, the loss of any of the Company's senior management or key employees could materially adversely affect its 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. The Company does not maintain key person life insurance policies on any of our employees.

Factors Which May Prevent Realization of Growth Targets – The Company is currently in the expansion from early development stage. The Company's growth strategy contemplates outfitting the WCE Facility with additional production resources. There is a risk that these additional resources will not be achieved on time, on budget, or at all, and further, that the Company may not have sufficient product available to meet the anticipated future demand when it arises, as a result of being adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- failure, or delays in, obtaining or satisfying conditions imposed by regulatory approvals;
- facility design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- operational inefficiencies;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions or storms.

The Company may experience additional expenditures related to unforeseen issues that have not been taken into account in the preparation of this AIF.

Additional Financing – The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of the Company’s current business strategy or the Company ceasing to carry on 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 Company. 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 Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company’s debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company’s ability to pursue its business objectives.

Competition – The industrial technology industry is intensely competitive in all its phases, and there is potential that the Company will face intense competition from other companies, some of which can be expected to have more financial resources and extraction, and manufacturing and marketing experience than the Company. There can be no assurance that potential competitors of the Company, which may have greater financial, R&D, sales and marketing and personnel resources than the Company, are not currently developing, or will not in the future develop, products and strategies that are equally or more effective and/or economical as any products or strategies developed by the Company or which would otherwise render the Company’s products or strategies obsolete. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Risks Related to Intellectual Property – The Company’s success and ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its technology and manufacturing and extraction processes, the ability to secure and protect its patents, trade secrets, trademarks and other intellectual property rights either developed internally or acquired, and to operate without infringing on the proprietary rights of others or having third parties circumvent the rights that it owns or licences.

At present, the Company has one (1) provisional patent applications pending in the United States. The patent position of a company is generally uncertain and involves complex legal, factual and scientific issues, several of which remain unresolved, and as such, there can be no assurance that the Company will be able to secure the patents applied for or develop other patentable proprietary technology and/or products. Furthermore, the Company cannot be completely certain that its future patents, if any, will provide a definitive and competitive advantage or afford protection against competitors with similar technology. There can be no assurance that any of the Company’s patents will be sufficiently broad to protect the Company’s technology or that they will

not be challenged or circumvented by others, or found to be invalid. In addition, competitors or potential competitors may independently develop, or have independently developed products as effective as ours or invent or have invented other products based on our patented products.

The Company cannot determine with any certainty whether it has priority of invention in relation to any new product or new process covered by a patent application or if it was the first to file a patent application for any such new invention. Furthermore, in the event of patent litigation there can be no assurance that its patents, if any, would be held valid or enforceable by a court of competent jurisdiction or that a court would rule that the competitor's products or technologies constitute patent infringement. Claims that the Company's technology or products infringe on intellectual property rights of others could be costly to defend or settle, could cause reputational injury and could divert the attention of the Company's management and key personnel, which in turn could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

The Company relies on trade secrets, know-how and technology, which are not protected by patents, to maintain its competitive position. While the Company takes reasonable measures to protect this information, parties who have access to such confidential information, such as our current and prospective suppliers, distributors, manufacturers, commercial partners, employees and consultants, may disclose confidential information to our competitors, and it is possible that a competitor will make unauthorized use of such information. Any such unauthorized disclosure or use could affect the Company's competitive position and could materially and adversely affect the business, financial condition and results of operations of the Company.

In the event that the Company'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 our 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 Company to significant liabilities, and could put one or more of the Company's patents or patent application, as applicable, at risk of being not issued, of being invalidated, or of being interpreted narrowly.

Research and Development and Product Obsolescence – Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products characterize the Company's business. The introduction of new products embodying new technologies, including new manufacturing and extraction processes, and the emergence of new industry standards may render the Company's technology, less competitive or less marketable. The process of developing the Company's technology is complex and requires significant continuing costs, development efforts and third-party commitments. The Company's failure to develop new technologies and the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of the Company. The Company may be unable to anticipate changes in its potential customer requirements that could make the Company's existing technology obsolete. The Company's success will depend, in part, on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The development of the Company's proprietary technology entails significant technical and business risks. The Company may not be successful

in using its new technologies or exploiting its niche markets effectively or adapting its businesses to evolving customer or medical requirements or preferences or emerging industry standards.

Unfavourable Publicity or Consumer Perception – The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis and cannabis products produced or manufactured. Consumer perception of the Company's products and technologies can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical 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 favourable to the medical and recreational 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 favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's technology and extraction services and the business, results of operations, financial condition and cash flows of the Company. The Company'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 Company, the demand for the Company's extraction services and the resulting products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or the Company's products and services specifically, or associating the consumption of medical and/or recreational 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 legally, appropriately or as directed.

Product liability – As a manufacturer and distributor of products directly or indirectly designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the 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 Company may be subject to various product liability claims, including, among others, that the products produced by the Company, or produced using outputs from the WCE Class Technology, 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 Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the business, financial condition and operating results of the Company. There can be no assurances that the Company 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 the Company's 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 products produced by the Company, or produced using outputs from the WCE Class Technology, are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant Management attention. 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 products produced by the Company were subject to recall, the image of that product and the Company could be harmed. Any recall, including for any of the foregoing reasons, could lead to decreased demand for products produced by the Company and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the operations of the Company by Health Canada or other regulatory agencies, requiring further Management attention and potential legal fees and other expenses.

Reliance on Key Inputs – The Company's business is dependent on a number of key inputs and their related costs including raw materials and supplies, specifically cannabis. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company.

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

Operating Risk and Insurance Coverage – The Company has insurance to protect certain assets, operations and employees. Such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future, or if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company 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 Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Company 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

Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Conflicts of Interest – The Company 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 Company'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 Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company 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 Companies with which the Company 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 Company. In addition, from time to time, these persons may be competing with the Company 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 Company'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 Company are required to act honestly, in good faith and in the best interests of the Company.

Unpredictable and Volatile Market Price for Common Shares – The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of lock-up or other transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and

- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

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

No Dividends – The Company's current policy is to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in the Company. Therefore, the Company does not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Company's dividend policy will be reviewed from time to time by its board of directors in the context of its earnings, financial condition and other relevant factors. Until the time that the Company does pay dividends, which it might never do, its shareholders will not be able to receive a return on their Common Shares unless they sell them.

Future Sales of Common Shares by Existing Shareholders – Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of our Common Shares. Holders of options to purchase Common Shares will have an immediate income inclusion for tax purposes when they exercise their options (that is, tax is not deferred until they sell the underlying Common Shares). As a result, these holders may need to sell Common Shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of Common Shares being sold in the public market, and fewer long-term holds of Common Shares by the management and employees of the Company.

UNITED STATES CANNABIS DISCLOSURE

Some of the Corporation's planned business activities, while believed to be compliant with applicable U.S. state and local law, are illegal under federal law.

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities*, the Company provides the following disclosure relating to certain ancillary activities in the U.S. cannabis industry.

The Company is involved in ancillary activities in the U.S. cannabis industry through its collaboration agreement with Parity for the commercialization of its US Extraction Services, which is further described in "*Description of the Business – Three Year History*". The Company has not derived any portion of its revenues from activities ancillary to the cannabis industry in the U.S. states as of the date of this AIF, but may do so in the future. The Company is not aware of non-compliance with any U.S. federal or state laws.

A description of the U.S. federal law relating to cannabis is provided in is further described in “*Description of the Business – Risk Factors*”.

As of the date of this AIF, the Company has **NOT** obtained legal advice regarding: (i) compliance with applicable U.S. state regulatory frameworks, and (ii) potential exposure and implications arising from U.S. federal law. As the Company’s activities in the U.S. are limited to the collaboration agreement with Parity for the commercialization of its US Extraction Services, the Company has solely relied on Parity’s assessment of its compliance with U.S. federal and state laws.

DIVIDENDS AND DISTRIBUTIONS

The Company has neither declared nor paid any dividends on its Common Shares since the date of its incorporation. Any payments of dividends on the Common Shares will be made in accordance with the BCBCA, and will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which board of directors of the Company may consider appropriate under the circumstances. It is unlikely that the Company will pay dividends in the immediate or foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Company’s authorized share capital consists of an unlimited number of Common Shares. As of the date of this AIF, there were 451,180,147 Common Shares issued and outstanding.

Except as otherwise prescribed by the BCBCA, at a meeting of shareholders of the Company, each Common Share entitles the holder thereof to one vote in respect of each Common Share held at such meetings. The holders of Common Shares are entitled to receive dividends if, as and when declared by the board of directors of the Company. In the event of liquidation, dissolution or winding-up of the Company, the holders of the Common Shares are entitled to share rateably in any distribution of the property or assets of the Company.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions, which are capable of requiring a security holder to contribute additional capital.

Stock Options

The Company maintains a stock option plan (the “**Stock Option Plan**”) for directors, officers, employees and consultants of the Company and its subsidiaries, which was established in November of 2010. As of the date of this AIF, options to purchase 31,150,000 Common Shares were issued and outstanding.

The purpose of the Stock Option Plan is to provide directors, executive officers, employees, consultants, and certain other persons (“**Eligible Persons**”) who provide services to the Company and its subsidiaries, the opportunity to acquire an interest in the Company, to encourage them to work for the Company and to advance the interests and development of the Company through

the purchase of its Common Shares. The Stock Option Plan is also in place to help attract new directors, officers and employees.

The following is a summary of the substantive terms of the Stock Option Plan:

Options may be granted under the Stock Option Plan to directors and senior officers of the Company or its subsidiaries, management company employees (collectively, the “**Directors**”), employees of the Company or its subsidiaries (collectively, the “**Employees**”) or consultants of the Company or its subsidiaries (collectively, the “**Consultants**”). The board of directors of the Company, in its discretion, determines which of the Directors, Employees or Consultants will be awarded options under the Stock Option Plan.

The number of Common Shares which may be issued pursuant to options granted under the Stock Option Plan may not exceed 10% of the issued and outstanding Common Shares at the date of granting of options. Options that are exercised, cancelled or expire prior to exercise continue to be issuable under the Stock Option Plan.

Under the Stock Option Plan, the aggregate number of options granted to any one person (including companies wholly-owned by that person) in a 12-month period must not exceed 5% of the issued and outstanding Common Shares of the Company, calculated on the date the option is granted. The aggregate number of options granted to any one Consultant in a 12-month period must not exceed 2% of the issued and outstanding Common Shares of the Company, calculated at the date the option is granted. The aggregate number of options granted to all persons retained to provide investor relations services to the Company (including Consultants and Employees or Directors whose role and duties primarily consist of providing investor relations services) must not exceed 2% of the issued and outstanding Common Shares of the Company in any 12-month period, calculated at the date an option is granted to any such person.

The exercise price of options granted under the Stock Option Plan is determined by the board of directors of the Company, provided that it is not less than the minimum price as is permitted by the CSE in accordance with the policies in effect at the time of the grant, or, if the Common Shares are no longer listed on the CSE, then such other exchange or quotation system on which the Common Shares are listed or quoted for trading. The exercise price of stock options granted to insiders may not be decreased without disinterested Shareholder approval at the time of the proposed amendment. Subject to the termination and change of control provisions noted below, the term of any options granted under the Plan is determined by the board of directors of the Company and may not exceed ten years from the date of grant.

All options granted pursuant to the Plan will be subject to such vesting requirements as may be prescribed by the CSE, if applicable, or as may be imposed by the board of directors of the Company. Options issued to persons retained to provide investor relations activities must vest in stages over 12 months with no more than one-quarter of the options vesting in any three-month period.

Warrants

As of the date of this AIF, the Company had warrants outstanding to purchase 85,191,390 Common Shares.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares were listed and posted for trading on the NEX board of the TSX Venture Exchange (“**TSXV**”) under the symbol “**CBM.H**”. Trading of the Common Shares on the TSXV was halted by the Company on August 7, 2018 pending the completion of the Amalgamation. The Company received shareholder approval to delist its Common Shares at a shareholder meeting held on October 24, 2018 and were delisted at the close of business on February 26, 2019. Subsequently, the Common Shares were approved for listing by the CSE and began to trade on the CSE under the symbol “**PUMP**” on March 21, 2019.

Period	High (\$) ⁽¹⁾	Low (\$) ⁽¹⁾	Trading Volume ⁽¹⁾
May 1, 2019 to May 3, 2019 ⁽²⁾	0.215	0.185	24,727,077
Month ended April 30, 2019	0.225	0.115	145,177,182
Month ended March 31, 2019 ⁽³⁾	0.165	0.115	40,102,117
Month ended February 28, 2019 ⁽⁴⁾	N/A	N/A	N/A
Month ended January 31, 2019 ⁽⁴⁾	N/A	N/A	N/A
Month ended December 31, 2018 ⁽⁴⁾	N/A	N/A	N/A
Month ended November 30, 2018 ⁽⁴⁾	N/A	N/A	N/A
Month ended October 31, 2018 ⁽⁴⁾	N/A	N/A	N/A
Month ended September 30, 2018	0.160	0.160	0
Month ended August 31, 2018	0.200	0.160	3,500
Month ended July 30, 2018	0.270	0.165	94,889
Month ended June 30, 2018	0.275	0.205	1,250
Month ended May 30, 2018	0.310	0.205	21,046
Month ended April 30, 2018	0.240	0.200	50,550
Month ended March 30, 2018	0.245	0.185	64,668
Month ended February 28, 2018	0.275	0.170	154,355
Month ended January 31, 2018	0.750	0.215	189,175

Notes:

- (1) The prices of Common Shares and trading volumes have not been adjusted to account for the Stock Split which occurred on February 28, 2019, on the basis of one (1) Common Share prior to the Stock Split to three (3) Common Shares following the Stock Split.
- (2) The data presented for the month of May 2019 was for a partial month, and covers the period of the month up until the date of this AIF.
- (3) The data presented for the month of March 2019 accounts for data beginning on March 21, 2019 until the end of the month of March.
- (4) The Common Shares were listed and posted for trading on the NEX board of the TSXV under the symbol “**CBM.H**” until trading of the Common Shares on the TSXV was halted by the Company in October, 2018 pending the completion of the Amalgamation.

In addition to being listed on the CSE, the Company maintains a listing on the Frankfurt Stock Exchange, trading under the ticker symbols “**WCF**” and “**WKN: A2PF9C**”.

Prior Sales

Common Shares

The following table sets forth the issuances of Common Shares issued by the Company between January 1, 2018 up to the date of this AIF.

Date Issued	Number of Securities	Issue Price per Security (\$)	Total funds received (\$)	Nature of Consideration
March 18, 2019	15,000,000	\$0.13	Nil	Finder's Fee

The following table sets forth the issuances of WCEO Shares issued by World Class Ontario since its incorporation on January 25, 2018 up to the date of this AIF. Pursuant to the terms of the Business Combination Agreement, each shareholder of World Class Ontario received one (1) Common Share for every one (1) WCEO Share.

Date Issued	Number of Securities	Issue Price per Security (\$)	Total funds received (\$)	Nature of Consideration
June 7, 2018 ⁽¹⁾	34,717,500	\$0.067	\$2,314,500	Cash
June 15, 2018 ⁽¹⁾	525,000	\$0.067	\$35,000	Cash
October 30, 2018- February 19, 2019 ⁽²⁾	176,923,072	\$0.130	\$23,000,000	Cash

Notes:

- (1) The numbers of WCEO Shares and issue prices have been adjusted for a stock split undertaken by World Class Ontario (prior to the Amalgamation) on the basis of one (1) WCEO Share prior to the stock split to one and one-half (1.5) WCEO Shares following the stock split.
- (2) The WCEO Shares issued between October 30, 2018-February 19, 2019 were sold pursuant to a private placement of World Class Ontario of subscription receipts ("**Subscription Receipt**") at a price of \$0.13 per Subscription Receipt for gross proceeds of \$23,000,000 that closed in tranches on October 30, 2018, November 14, 2018 and February 19, 2019 (the "**WCEO Offering**"). Each Subscription Receipt converted prior to the closing of the Amalgamation, with no additional consideration or action by the holder into one (1) WCEO Share for an aggregate of 176,923,072 WCEO Shares.

Warrants

The following table sets forth the issuances of warrants to purchase Common Shares issued by the Company between January 1, 2018 up to the date of this AIF.

Date Issued	Number of Securities	Issue Price per Security (\$)	Total funds received (\$)	Nature of Consideration
March 18, 2019 ⁽¹⁾	5,600,000	N/A	Nil	Consideration for Services
March 26, 2019 ⁽²⁾	40,000,000	N/A	Nil	Consideration for Services
April 30, 2019 ⁽³⁾	3,000,000	N/A	Nil	Consideration for Services
October 30, 2018- February 19, 2019 ⁽⁴⁾	15,923,077	N/A	Nil	Consideration for Services

Date Issued	Number of Securities	Issue Price per Security (\$)	Total funds received (\$)	Nature of Consideration
October 30, 2018-February 19, 2019 ⁽⁵⁾	15,910,575	N/A	Nil	Consideration for Services
June 15, 2018 ⁽⁶⁾	1,057,275	N/A	Nil	Consideration for Services
June 7, 2018 ⁽⁷⁾	3,700,463	N/A	Nil	Consideration for Services

Notes:

- (1) The warrants were issued to certain consultants of the Company. The warrants may be exercised prior to March 21, 2021 at a price between \$0.13 and \$0.17 per warrant, which may vary according to each warrant.
- (2) The warrants were issued to Parity as part of consideration paid for the services to be provided under a collaboration agreement, which is further described in "Description of the Business – Three Year History". The warrants may be exercised prior to March 25, 2021 at a price between \$0.15 and \$0.50 per warrant, which may vary according to each warrant.
- (3) The warrants were issued to certain consultants of the Company. The warrants may be exercised prior to April 18, 2022 at a price of \$0.18 per warrant.
- (4) The warrants were issued to certain consultants of the Company. The warrants may be exercised prior to September 22, 2022 at a price of \$0.13 per warrant.
- (5) These broker warrants were issued to several sellers acting in the course of the WCEO Offering of Subscription Receipts. The broker warrants may be exercised prior to September 22, 2022 at a price of \$0.13 per broker warrant.
- (6) These broker warrants were issued to several sellers acting in the course of a private placement of WCEO Shares which closed on June 15, 2018. The broker warrants may be exercised prior to June 15, 2020 at a price of \$0.067 per broker warrant.
- (7) These broker warrants were issued to several sellers acting in the course of a private placement of WCEO Shares which closed on June 7, 2018. The broker warrants may be exercised prior to June 7, 2020 at a price of \$0.067 per broker warrant.

Options

The following table sets forth the issuances of options to purchase Common Shares issued by the Company between January 1, 2018 up to the date of this AIF.

Date Issued	Number of Securities	Issue Price per Security (\$)	Total funds received (\$)	Nature of Consideration
July 6, 2018 ⁽¹⁾	13,500,000	N/A	Nil	Share-based Compensation
March 18, 2019 ⁽²⁾	10,600,000	N/A	Nil	Share-based Compensation
April 18, 2019 ⁽³⁾	2,050,000	N/A	Nil	Share-based Compensation
May 1, 2019 ⁽⁴⁾	5,000,000	N/A	Nil	Share-based Compensation

Notes:

- (1) The options were issued to directors and consultants of the Company. The options vested at their date of issuance and may be exercised prior to July 2, 2021 at a price of \$0.067 per option.
- (2) The options were issued to employees, executive officers, directors, and consultants of the Company. The options either vest: (i) one-half upon issuance, and one-half on the 6-month anniversary of issuance; or (ii) immediately, upon completion of a specified task. The options may be exercised prior to March 19, 2022 at a price of \$0.17 per option.
- (3) The options were issued to consultants of the Company. Part of the options vested at their date of issuance, with the remainder vesting on certain future set dates, which may vary according to the recipient of the options. The options may be exercised prior to April 8, 2021 or April 8, 2024 (vary according to the recipient of the options) at a price of \$0.17 per option.
- (4) The options were issued to consultants of the Company. The one-quarter of the options will vest on the date of the Arrangement, with one additional quarter of the balance of the options vesting in increments successively every 6 months thereafter. The options will be exercisable for a period of three years from the date of the Arrangement at an exercise price of \$0.21 per option. However, if the Arrangement is not completed by July 1, 2019, then the options will expire.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

The following table sets out the Common Shares that are, to the Company's knowledge, held in escrow or that are subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class as at the date of this AIF:

Designation of Class	Number of Securities Held in Escrow	Percentage of Class⁽¹⁾
Common Shares	9,450,000 ⁽²⁾	2.10%

Notes:

- (1) Based on 451,180,147 Common Shares issued and outstanding as of the date of this AIF.
- (2) Pursuant to an escrow agreement entered into on the closing of the Transaction by certain shareholders, Computershare Investor Services Inc. and the Company in connection with the Transaction, with 10% of such securities released on the closing of the Transaction, and 15% were to be released every six months thereafter over a period of thirty-six months.

In addition to securities subject to escrow, the Company has entered into lock-up agreements ("**Lock-Up Agreements**") with five of its major shareholders, being Mick St-Pierre, Thomas Keevil, Jesse Kline, Matthew Newboles, and Brian Baca. Each Lock-Up Agreement provides that the signatory thereto shall not trade any securities subject to the Lock-Up Agreement ("**Locked-Up Securities**") prior to the date provided in the release schedule of the Lock-Up Agreements. Such release schedule provides that 25% of the Locked-Up Securities were released as of the date of the Company's listing on the CSE on March 21, 2019, and a further 25% shall be released on the 90, 180 and 270-day anniversaries of the Listing Date. Together, the Lock-Up Agreements initially covered 18,000,000 Common Shares as or 3.99% of the issued and outstanding Common Shares as of the date of this AIF.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets out the names and municipalities of residence of the directors and officers of the Company as of the date of this AIF, as well as the number of voting securities of the Company beneficially owned, directly or indirectly, or over which they exercise control or direction,

the offices they will hold in the Company, and the principal occupation of the proposed directors and senior officers during the past five years.

Name & Province and Country of Residence and Position	Principal Occupation for Past Five Years	Director or Officer of the Company Since⁽¹⁾	Number and Percentage of Common Shares Owned⁽²⁾
Jon Bridgman <i>Director</i> Ontario, Canada	Chief Executive Officer and Director, and former CFO, Bird River Resources	2019	75,000 ⁽⁴⁾ (0.02%)
Donal Carroll ⁽³⁾ <i>Chief Financial Officer and Director</i> Ontario, Canada	Chief Financial Officer, FSD Pharma Inc.; Director, Bird River Resources Inc.; Director, EnerSpar Corp.	2019	2,000,001 ⁽⁵⁾ (0.44%)
Michael McCombie <i>Chief Executive Officer</i> Kitchener, Canada	Independent contractor providing marketing and sales services	2019	10,500,000 ⁽⁶⁾ (2.33%)
Binyomin Posen <i>Director</i> Ontario, Canada	Senior Analyst, Plaza Capital; Chief Executive Officer and Chief Financial Officer, Jiminex Inc.	2019	75,000 ⁽⁷⁾ (0.02%)
Dr. K. Sethu Raman ⁽³⁾ <i>Director</i> Ontario, Canada	Director, CBD Med Research Corp.; Director, SGX Resources Inc.; Director, 55 North Mining Inc.; Director, Northern Graphite Corporation.	2019	3,360,000 ⁽⁸⁾ (0.74%)
Gary F. Zak ⁽³⁾ <i>Director</i> British Columbia, Canada	President, CBD Med Research Corp.	2019	1,545,076 ⁽⁹⁾ (0.34%)
Shimmy Posen <i>Corporate Secretary</i> Ontario, Canada	Partner, Garfinkle Biderman LLP	2019	652,922 ⁽¹⁰⁾ (0.46%)

Notes:

- (1) The directors of the Company hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed.
- (2) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective directors and officers. Holdings reported do not include securities which may be acquired following the exercise of options.
- (3) The Company's audit committee is comprised of Donal Carroll, Gary F. Zak and Sethu Raman, each of whom is a director and financially literate in accordance with section 1.6 of NI 52-110.
- (4) Not inclusive of options to purchase up to 650,000 Common Shares.
- (5) Not inclusive of options to purchase up to 750,000 Common Shares.
- (6) Not inclusive of options to purchase up to 1,000,000 Common Shares.
- (7) Not inclusive of options to purchase up to 500,000 Common Shares.
- (8) Not inclusive of options to purchase up to 500,000 Common Shares.
- (9) Not inclusive of options to purchase up to 500,000 Common Shares.
- (10) Not inclusive of options to purchase up to 500,000 Common Shares.

(10) Not inclusive of options to purchase up to 4,450,000 Common Shares.

Officers

The Company's officers are Donal Carroll, Michael McCombie and Shimmy Posen:

Michael McCombie, *Chief Executive Officer* – Mr. McCombie has spent over 15 years in the entertainment industry, where he worked with award-winning rap musicians across North America. Mr. McCombie is an experienced entrepreneur with expertise in marketing and early stage companies. Michael has knowledge of the cannabis industry along with direct connections to entertainers with strong brand recognition.

Donal Carroll, *Chief Financial Officer* – Mr. Carroll has over 15 years of corporate finance leadership and public company experience, as well as in-depth experience in syndicated investments in equity and debt securities. Throughout his career with Danaher Corporation (NYSE: DHR), Unilever PLC (NYSE: UL), and Cardinal Meat Specialists Ltd., Mr. Carroll was instrumental in major restructuring activities, mergers and acquisitions, and the implementation of new internal controls and enterprise resource planning systems. Mr. Carroll is currently the Chief Financial Officer of FSD Pharma Inc. (CSE: HUGE). He also serves as Director of Bird River Resources Inc. (CSE: BDR), a natural resources company focused on the energy sector. Mr. Carroll holds a CPA-CMA designation as well as a Bachelor of Commerce degree from University College, Dublin.

Shimmy Posen, *Corporate Secretary* – Mr. Posen is a lawyer at Garfinkle Biderman LLP, focused on helping companies go public and raise funds in the capital markets. His areas of expertise are corporate finance, mergers and acquisitions, and securities law. Mr. Posen has previously acted for public and private companies, securities dealers and financial institutions on a number of public and private financings and commercial transactions. Mr. Posen holds a J.D. from Osgoode Hall Law School and a B.A. in Political Science from York University.

Board of Directors

The Company's board of directors consists of Mr. Donal Carroll, whose biography is outlined above, along with Jon Bridgman, Binyomin Posen, Dr. K. Sethu Raman and Gary F. Zak. The current members of the WCE Board have the requisite experience in capital markets, mergers and acquisitions, and raising capital.

Jon Bridgman, *Director* – Mr. Bridgman brings over 55 years of investment and financial experience with three major Canadian brokerage firms, a major U.S. insurance company and a mid-size merchant bank. Throughout his career, he has been instrumental in arranging merger and acquisition transactions, private financings, and initial public offerings (IPOs) for small cap growth companies. He also has an entrepreneurial background, having co-founded eight businesses in a variety of industries, two of which went public. He has extensive senior management and corporate governance experience and has served as a director and officer of several public and private companies. He is presently CEO of Bird River Resources Inc., and is also director of United Mercantile Inc., and Global Capital Innovation Corp., private business consultancies.

Binyomin Posen, *Director* – Mr. Posen is a Senior Analyst at Plaza Capital, where he focuses on corporate finance, capital markets and helping companies go public. After three and a half years of studies overseas, he returned to complete his baccalaureate degree in Toronto. Upon graduating (on the Dean's List) he began his career as an analyst at a Toronto boutique

investment bank where his role consisted of raising funds for IPOs and RTOs, business development for portfolio companies and client relations.

Dr. K. Sethu Raman, *Director* – Dr. K. Sethu Raman is a serial mine finder and a successful entrepreneur with more than 46 years of international experience in all phases of exploration, mine development, acquisitions and operations as well as experience in financial and legal areas. He has pioneered many new exploration concepts and strategies which have led to the discovery of eleven significant gold, silver, copper, zinc, phosphate and uranium deposits located near established mining camps, seven of which went on to become producing gold mines in Canada. As President and CEO of Holmer Gold Mines Ltd (1985-2004) and Director and Advisor to Lake Shore Gold Corp (2004-2016), Dr. Raman has been the driving force behind the discovery and development of the Timmins West Gold Mine Trend in a previously unknown faulted extension of the Timmins Mining Camp. This Trend hosts several gold deposits and profitable mines operated by Lake Shore Gold with an annual production of 180,000 ounces of gold in 2015. On April 1, 2016 Lake Shore accepted a friendly \$945M takeover offer by Tahoe Resources Inc.

Dr. Raman previously spent 13 years with Campbell Chibougamau Mines/Campbell Resources, Royex Gold Mining and International Corona Resources Group of companies controlled by Ned Goodman. He joined as a Research Geologist and held various management positions including Vice President from 1980 to 1986. Here he played a key role in the discovery and development of six gold mines in Quebec, Ontario and the Canadian Arctic. Subsequently these companies were sold to Home Stake Mining (now Barrick Gold) and Patino Mining Corp. He holds a Ph.D. in Geology from Carleton University and a UNESCO Post-Graduate Diploma from the University of Vienna, Austria.

Gary F. Zak, *Director* – Gary F. Zak has been active for the past 30 years providing business development management to public companies. He has extensive experience in funding early stage companies, organizing management, corporate and investor relations groups and has successfully completed several mergers and acquisitions. Mr. Zak has occupied senior management and/or directorship positions in various companies, including: Green Bull Energy Inc., Passport Potash Inc., Forum Uranium Corp., Alto Ventures Ltd., and Beaufield Resources Inc.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the knowledge of the Company, other than as disclosed below, no director is, as at the date of this AIF, or has been, within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (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 that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to 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 that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event

that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Dr. Raman was a director of 55 North Mining Inc (formerly, SGX Resources Inc.), an issuer that was subject to cease trade orders, imposed by the Manitoba Securities Commission on May 9, 2016 and the British Columbia Securities Commission on May 16, 2016, for failure to file annual financial statements within the period required by securities legislation. SGX Resources Inc., completed an application for revocation of its cease trade orders effective December 22, 2017.

Dr. Raman was a director of Visa Gold Explorations Inc., an issuer that was subject to a temporary cease trade order from the Ontario Securities Commission in May 2003, for failure to file financial statements for the year ended December 31, 2002. On June 20, 2003, Dr. Raman resigned as a director of Visa Gold. Similar cease trade orders were issued by the British Columbia and Alberta Securities Commissions subsequent to Dr. Raman's resignation.

Furthermore, Dr. Raman was a director of Red Crescent Resources Limited, an issuer that was subject to a temporary cease trade order from the Ontario Securities Commission in November 2012, for failure to file interim financial statements, as well as the related MD&A and certifications of disclosure. Additionally, shortly after Dr. Raman resigned from Red Crescent Resources Limited in 2014, additional temporary cease trade orders were issued by the Ontario, Alberta and British Columbia Securities Commissions.

Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director, executive officer or shareholder:

- (a) is, as at the date of this AIF, or has been within the 10 years before the date of the AIF, a director or executive officer of any company (including the company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder; or
- (c) has been subject to:
 - i. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
 - ii. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The Company 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 Company'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

Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company 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 Companies with which the Company 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 Company. In addition, from time to time, these persons may be competing with the Company 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 Company'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 Company are required to act honestly, in good faith and in the best interests of the Company.

PROMOTERS

There are no persons acting as a promoter for the Company and there have been no persons performing such services within the last two years.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not, and was not during the most recently completed financial year, or from the end of the most recently completed financial year to the date of this AIF, a party to, nor was any of its property the subject of, any legal proceedings or regulatory actions material to the Company, and no such proceedings or actions are known to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Company or any shareholder holding, of record or beneficially, directly or indirectly, more than 10% of the issued Common Shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any material transaction with the Company within the three years preceding the date of this AIF or in any proposed transaction, which has materially affected or would materially affect Company.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the Common Shares of the Company is Computershare Investor Services Inc. at its address at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

There are no contracts of the Corporation, other than contracts entered into in the ordinary course of business, that are material to the Corporation and that were entered into by the Corporation within the most recently completed financial year or before the most recently completed financial year if the material contract is still in effect, other than the:

- Business Combination Agreement;
- License Agreement;
- Lease Agreement; and
- Arrangement Agreement.

Copies of these agreements are further described in “*General Development of the Business – Three Year History*” are available for inspection by shareholders of the Company at the offices of the Company’s counsel, Garfinkle Biderman LLP, 1 Adelaide Street East, Suite 801, Toronto, ON M5C 2V9 at any time during ordinary business hours. Copies of these agreements are also available on SEDAR at www.sedar.com.

INTERESTS OF EXPERTS

The auditors of the Corporation, MNP, LLP, are independent with respect to the Company, in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information, including the Company’s financial statements and MD&A for its most recent completed financial year may be found on SEDAR at www.sedar.com.

SCHEDULE "A" – AUDIT COMMITTEE CHARTER

(See attached)

**Charter of the Audit Committee of the Board of Directors of
World Class Extractions Inc. (formerly CBD Med Research Corp.) (the “Company”)**

MANDATE AND OBJECTIVE

The board of directors (the “**Board**”) of the Company has delegated, to the Audit Committee (the “**Committee**”), the Board’s responsibility for oversight of the nature and scope of the annual audit; management’s reporting on internal accounting standards and practices, financial information and accounting systems and procedures; financial reporting and statements; and approval of interim financial statements and other mandatory disclosure releases containing financial information. The Committee shall also recommend to the Board approval of the annual audited financial statements and Management's Discussion and Analysis.

The primary objectives of the Committee are:

1. To assist the Board to meet their responsibilities in respect of the preparation and disclosure of the financial statements of the Company and related matters;
2. To provide better communication amongst the Board, management and the independent auditor;
3. To enhance the auditor’s independence;
4. To increase the credibility and objectivity of financial reports; and
5. To strengthen the role of the independent directors by facilitating in depth discussions between directors on the Committee, management and the independent auditor.

MEMBERSHIP OF COMMITTEE

1. The Committee shall comprise at least three (3) directors of the Company, at least two of whom shall be independent as defined in applicable securities legislation and policies and all of whose qualifications shall comply with applicable securities legislation.
2. Unless designated by the Board, the members of the Committee shall elect a Chair from among the members who shall preside at all meetings of the Committee.
3. Any member of the Committee may be removed or replaced at any time by the Board, and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board shall fill vacancies on the Committee but, until the vacancy is filled the remaining members may exercise all the Committee’s powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the next annual meeting of shareholders following appointment as a member of the Committee.

RESPONSIBILITIES OF COMMITTEE

1. The responsibilities of the Committee include:
 - a. overseeing the work of the independent auditor, including resolution of disagreements, if any, between management and the auditor regarding financial reporting;
 - b. satisfying itself with respect to, and periodically assessing, the adequacy of the Company’s internal control systems for:
 - i. identifying, monitoring and mitigating business risks;
 - ii. ensuring compliance with the policies of the Board and with the law;
 - iii. reviewing public disclosure of financial information extracted or derived from the Company’s financial statements, and

- iv. ensuring that all public reporting and securities filings, financial or otherwise, is timely, accurate and complete, and presented in compliance with all applicable law;
 - c. reviewing all financial statements, related management's discussion and analysis (MD&A) and earnings press releases prior to public disclosure thereof, and reviewing the annual audited financial statements of the Company and related MD&A prior to their submission to the Board for approval;
 - d. communicating directly with the internal and external auditors.
2. With respect to the independent auditor, the Committee shall:
- a. recommend to the Board the nomination of the independent auditor;
 - b. recommend to the Board the terms of engagement of the auditor, including the compensation of the auditor;
 - c. confirm that the auditor shall communicate directly with the Committee;
 - d. review and discuss annually with the auditor all significant relationships such auditor has with the Company to determine the auditor's independence;
 - e. if there is to be a change in auditor, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
 - f. review and approve any non-audit services to be provided to the Company or its subsidiaries by the auditor and consider the impact on the independence of the auditor. The Committee may delegate to one or more members the authority to approve the provision of non-audit services, provided that the member report to the Committee at the next scheduled meeting such pre-approval; and
 - g. review and approve the Company's hiring policies regarding employees and former employees of the present and former independent auditors of the Company.
3. The Committee shall review the independent auditor's assessment of the internal controls of the Company, its written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review the annual audit plan and, upon completion of the audit, the auditor's reports upon the financial statements of the Company and its subsidiaries.
4. The Committee shall review and discuss with management, the auditors and the Company's legal counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Company's financial statements, including off balance sheet structures, applicable changes in accounting standards or rules, or compliance with applicable laws and regulations, inquiries received from regulators or government agencies and any pending material litigation.
5. The Committee shall review risk management policies and procedures of the Company and receive regular reports on insurance claims and litigation.
6. The Committee shall establish procedures for:
- a. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - b. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
7. The Committee may engage, at the Company's expense, such advisors as it determines necessary to carry out its duties, and may set the compensation for such advisors.
8. The Committee shall have the authority to investigate any financial activity of the Company, and all employees of the Company shall cooperate as requested by the Committee.

MEETINGS AND ADMINISTRATIVE MATTERS

1. At all meetings, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. The Committee shall meet at least four times per year. Minutes of all meetings of the Committee shall be taken, and shall be circulated to directors who are not members of the Committee.
5. The Chief Financial Officer shall attend meetings of the Committee as requested by the Chairman.
6. The Committee shall meet with the independent auditor at least once per year (in connection with the preparation of the year end financial statements) and at such other times as the auditor and the Committee consider appropriate.
7. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
8. The Committee may invite such officers, directors and employees of the Company as it may see fit to attend its meetings and assist in the discussion and consideration of the matters being considered by the Committee.