



ikänik
F A R M S

FORM 2A

LISTING STATEMENT

**in connection with the listing of Ikänik Farms Inc., the entity
formed upon the Reverse Take-Over of Canadian Imperial
Venture Corp. by Ikänik Farms Inc.**

Dated as at March 30, 2021

Ikänik Farms Inc. (the “Resulting Issuer”) is an entity that derives all of its revenues from the cannabis industry in the State of California, which industry is illegal under U.S. federal law. The Resulting Issuer, through its subsidiaries Blunt Brothers (as defined below) and THCA (as defined below), is directly involved in the cannabis industry through the production, cultivation, distribution and sale of medical and adult-use cannabis in the State of California, where state and local laws permit such activities. Blunt Brothers distributes cannabis products pursuant to an Adult-Use and Medicinal – Distributor License (C11-0000499-LIC).

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811) (the “Controlled Substances Act”), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved cannabis as a safe and effective drug for any indication.

In the United States cannabis is stringently regulated at the state and local level. State and local laws regulating cannabis production, distribution, sale and use are in direct conflict with the federal Controlled Substances Act, which makes cannabis production, distribution, use and possession illegal under U.S. federal law. Although certain states authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under U.S. federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

Any person connected to the cannabis industry in the United States may be at risk of federal criminal prosecution and civil liability in the United States. Any investments may be subject to civil or criminal forfeiture and total loss. Strict enforcement of federal law regarding cannabis may harm the Resulting Issuer’s business, prospects, results of operation, financial condition and the value of its securities. Due to the federal illegality of cannabis and the charged political climate surrounding the cannabis industries of various states, political risks are inherent in the cannabis industry.

On January 4, 2018, then U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memo (as defined herein). With the Cole Memo rescinded, U.S. federal prosecutors were given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. On November 7, 2018, Jeff Sessions resigned from his position as Attorney General. William P. Barr was confirmed as Attorney General on February 14, 2019. During his confirmation hearing on January 15, 2019, Mr. Barr said in testimony to the Senate that cannabis companies operating legally according to state laws where the cultivation and sale of the drug is allowed will not face action by the Justice Department. On January 20, 2021, Joe Biden was inaugurated as President of the United States. It is not clear whether Attorney General Merrick Garland will provide greater clarity on the federal enforcement position for the cannabis industry, including a return to a more formal position as set forth in the Cole Memorandum. There can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state and local law. Federal law pre-empts state law in these circumstances, so that the federal government can assert criminal violations of federal law despite state law. The number of federal prosecutions of state-legal cannabis operations is unknown; nonetheless, the stated

position of the new Biden administration is not hostile to legal cannabis, and furthermore may be changed at any time by the Department of Justice. If the present Department of Justice policy were to pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such Department of Justice policies by pursuing prosecutions, then the Resulting Issuer could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries; (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the Controlled Substances Act for aiding and abetting and conspiring to violate the Controlled Substances Act by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis, and/or (iii) barring employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life.

While President Biden's campaign position on cannabis falls short of full legalization, he did campaign on a platform of relaxing enforcement of cannabis proscriptions, including decriminalization generally. During his campaign, President Biden stated a policy goal to decriminalize possession of cannabis at the federal level, but he has not publicly supported the full legalization of cannabis. It is unclear how much of a priority decriminalization may be for President Biden's administration.

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the Controlled Substances Act with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, and the business of the Resulting Issuer or one or more of the Resulting Issuer's subsidiaries may be deemed to be producing, cultivating, extracting or dispensing cannabis in violation of federal law in the United States. If the federal government begins to enforce federal laws relating to cannabis in states where the production, distribution, sale, use and possession of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Resulting Issuer's business, operating results, financial condition and prospects would be materially adversely affected. See Section 17 "*Risk Factors*" for additional information on this risk.

More than half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis, while other states have legalized and regulated the sale and use of medical cannabis with strict limits on the levels of THC.

The Resulting Issuer's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States and Canada. Accordingly, there are a number of significant risks associated with the business of the Resulting Issuer.

For these reasons, the Resulting Issuer's involvement in the United States cannabis market may subject the Resulting Issuer to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian authorities. There are a number of significant risks associated with the business of the Resulting Issuer. As a result, the Resulting Issuer 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 Resulting Issuer's ability to operate in the United States or any other jurisdiction. See sections of the Listing Statement entitled "*Risk Factors*" and "*General Business of the Resulting Issuer*".

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memo discussed above, on February 8, 2018 the Canadian Securities Administrators published Staff Notice 51-352 (the “CSA Staff Notice”) setting out the Canadian Securities Administrator’s disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. The CSA Staff Notice confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. The CSA Staff Notice includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

The following table is intended to assist readers in identifying those parts of this Listing Statement that address the disclosure expectations outlined in the CSA Staff Notice.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the issuer’s involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	<i>Narrative Description of the Business – General Business of the Resulting Issuer – 4.1.3 Issuers with U.S. Marijuana-Related Assets – Nature of Involvement (p. 53)</i>
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	<i>Cover Page (disclosure in bold typeface)</i>
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.	<i>Narrative Description of the Business – General Business of the Resulting Issuer – 4.1.3 Issuers with U.S. Marijuana-Related Assets – United States Regulatory Environment (p. 53-56)</i> <i>Section 17 – Risk Factors – Marijuana remains illegal under U.S. federal law (p. 93)</i> <i>Section 17 – Risk Factors – Federal regulation of marijuana in the United States (p. 93-94)</i>
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the Issuer’s ability to operate in the U.S.	<i>Narrative Description of the Business – General Business of the Resulting Issuer – 4.1.3 Issuers with U.S. Marijuana-Related Assets – United States Regulatory Environment (p. 53-56)</i> <i>Section 17 – Risk Factors – Risks associated with travelling across borders (p.94-95)</i>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
		<p><i>Section 17 – Risk Factors – U.S. state regulatory uncertainty (p. 95)</i></p> <p><i>Section 17 – Risk Factors – The legality of cannabis could be reversed in one or more states of operation (p. 97)</i></p> <p><i>Section 17 – Risk Factors – Heightened scrutiny by Canadian regulatory authorities (p. 97-98)</i></p> <p><i>Section 17 – Risk Factors – Restricted access to banking in the United States (p. 98)</i></p> <p><i>Section 17 – Risk Factors – Regulatory scrutiny of the Resulting Issuer’s interests in the United States (p. 99)</i></p> <p><i>Section 17 – Risk Factors – Constraints on marketing products (p. 99)</i></p> <p><i>Section 17 – Risk Factors – Risk of civil asset forfeiture (p. 100)</i></p> <p><i>Section 17 – Risk Factors – Risk of RICO prosecution or civil liability (p. 100)</i></p> <p><i>Section 17 – Risk Factors – Foreign Private Issuer (p. 100-101)</i></p> <p><i>Section 17 – Risk Factors – Proceeds of crime statutes (p. 101)</i></p> <p><i>Section 17 – Risk Factors – Limited trademark protection (p. 106)</i></p> <p><i>Section 17 – Risk Factors – Lack of access to U.S. bankruptcy protections (p. 107)</i></p> <p><i>Section 17 – Risk Factors – Potential FDA regulation (p. 107)</i></p> <p><i>Section 17 – Risk Factors – Legality of contracts (p. 107)</i></p> <p><i>Section 17 – Risk Factors – Newly established legal regime (p. 119)</i></p>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
	<p>Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available to support continuing operations.</p>	<p><i>Section 4.1 – General Business of the Resulting Issuer – Use of Available Funds (p. 34)</i></p> <p><i>Narrative Description of the Business – General Business of the Resulting Issuer – 4.1.3 Issuers with U.S. Marijuana-Related Assets – United States Regulatory Environment (p. 53-56)</i></p> <p><i>Section 17 – Risk Factors – Heightened scrutiny by Canadian regulatory authorities (p. 97-98)</i></p> <p><i>Section 17 – Risk Factors – Restricted access to banking in the United States (p. 98)</i></p>
	<p>Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.</p>	<p><i>Narrative Description of the Business – General Business of the Resulting Issuer – 4.1.3 Issuers with U.S. Marijuana-Related Assets – Financial Exposure to U.S. Cannabis-Related Activities (p. 53)</i></p>
	<p>Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.</p>	<p><i>Ikänik Farms receives legal advice with respect to (a) compliance with applicable state regulatory frameworks; and (b) potential exposure and implications arising from U.S. federal law, on an as-needed basis.</i></p>
<p>U.S. Marijuana Issuers with direct involvement in cultivation or distribution</p>	<p>Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.</p>	<p><i>Narrative Description of the Business – General Business of the Resulting Issuer – 4.1.3 Issuers with U.S. Marijuana-Related Assets – Compliance with Applicable State Laws – California Regulatory Landscape (p. 57-58)</i></p>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
	<p>Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer's license, business activities or operations.</p>	<p><i>Narrative Description of the Business – General Business of the Resulting Issuer – 4.1.3 Issuers with U.S. Marijuana-Related Assets – California Compliance Summary (p. 61)</i></p>

Neither the Canadian Securities Exchange nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover Transaction described in this Listing Statement.

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1. GLOSSARY OF TERMS

Unless otherwise indicated, the following terms used in this Listing Statement and the Schedules hereto shall have the meanings ascribed to them as set forth below:

“**2019 Agency Agreement**” has the meaning ascribed thereto under Section 3.1.2 “*General Development of the Business – Ikänik Farms*”;

“**ACMPR**” means the *Access to Cannabis for Medical Purposes Regulations*, which was in effect as of August 24, 2016 and has since been replaced by the *Cannabis Act*;

“**Adelanto Facility**” has the meaning ascribed thereto under Section 4.1.1 “*Narrative Description of the Business – General Business of the Resulting Issuer – Ikänik Farms*”;

“**Agent**” means Canaccord Genuity Corp.;

“**Amalco**” means the corporation resulting from the Amalgamation and existing under the BCBCA;

“**Amalco Share**” means the common shares in the capital of Amalco;

“**Amalgamation**” means the amalgamation of Ikänik Farms and CIVC Subco pursuant to the provisions of the BCBCA and pursuant to which CIVC acquired all the issued and outstanding Ikänik Farms Shares, all on the terms and conditions set forth in the Definitive Agreement;

“**API**” means the application programming interfaces permitting third-party system integration within METRC;

“**AUMA**” means the Adult Use of Marijuana Act (Proposition 64);

“**Awards**” has the meaning ascribed thereto under Section 9.2 “*Equity Incentive Plan*”;

“**Bank Secrecy Act**” means the United States Currency and Foreign Transactions Reporting Act of 1970;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended, including all regulations promulgated thereunder;

“**BCC**” means the California Department of Consumer Affairs’ Bureau of Cannabis Control;

“**Benicia Build-Out**” has the meaning ascribed thereto under Section 4.1.1 “*Narrative Description of the Business – General Business of the Resulting Issuer – Ikänik Farms*”;

“**Blunt Brothers**” has the meaning ascribed thereto under Section 2.3 “*Inter-corporate Relationships*”;

“**Cannabis Act**” means the *Cannabis Act of Canada*, Statutes of Canada 2018, c. 16, Assented to 2018-06-21, Bill C-45, *an Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*;

“**Cannus**” has the meaning ascribed thereto under Section 2.3 “*Inter-corporate Relationships*”;

“**CBCA**” means the *Canada Business Corporations Act*, as amended, including all regulations promulgated thereunder;

“**CBD**” means cannabidiol;

“**CBP**” means the U.S. Customs and Border Protection;

“**CDS**” has the meaning ascribed thereto under Section 17 “*Risk Factors*”;

“**Central Bank**” means the Bank of the Republic (Colombia);

“**CIVC**” means Canadian Imperial Venture Corp. and its subsidiaries, on a consolidated basis, prior to the Reverse Take-Over;

“**CIVC Board**” means the board of directors of CIVC, prior to the Reverse Take-Over;

“**CIVC Shares**” mean the common shares in the capital of CIVC, prior to the Reverse Take-Over;

“**CIVC Subco**” means 1295446 B.C. Ltd., a wholly-owned subsidiary of CIVC prior to the Reverse Take-Over;

“**CIVC Subco Shares**” means the common shares in the capital of CIVC Subco;

“**CIVC Unit Private Placement**” has the meaning ascribed thereto under Section 3.1.1 “*General Development of the Business – CIVC*”;

“**Closing**” means the completion of the Reverse Take-Over;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

“**Cole Memo**” means the 2013 United States Department of Justice Memorandum drafted by former Deputy Attorney General James Michael Cole;

“**company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Controlled Substances Act**” has the meaning ascribed thereto under Section 3.3 “*Trends, Commitments, Events or Uncertainties*”;

“**Conversion Price**” means 75% of the lesser of \$0.55 and the following, as applicable, provided that the Conversion Price shall not be lower than the amount permitted pursuant to the policies of the CSE, and, to the extent it does not comply with the policies of the CSE, then the Conversion Price shall be equal to the minimum amount permitted pursuant to such policies:

- (i) in the event Ikänik Farms completes a bona fide public offering of its securities under a prospectus or registration statement filed with securities regulatory authorities in Canada or the United States, the price at which the such securities are listed to be sold pursuant to such transaction;
- (ii) in the event Ikänik Farms completes any transaction including, without limitation, the Reverse Take-Over or any other consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction or any other business

combination or similar transaction with an arm's length party which provides for an exchange of Ikänik Farms' securities for the acquiring entity's securities at fair market value pursuant to which the securities of the issuer (or any resulting issuer) are acquired by another entity or are listed on a stock exchange, the closing price on the first day that Ikänik Farms is listed on the CSE; or

- (iii) in the event Ikänik Farms completes any transaction in which the holders of Ikänik Farms Securities immediately prior to such transaction do not continue to retain at least 50% of the total voting power of Ikänik Farms or such surviving entity outstanding immediately after such transaction, the price attributed to the Ikänik Farms Common Shares in such transaction;

"CUA" means the Compassionate Use Act of 1996 (Proposition 215);

"D9C" has the meaning ascribed thereto under Section 2.3 *"Inter-corporate Relationships"*;

"D9C Acquisition" has the meaning ascribed thereto under Section 3.1.2 *"General Development of the Business – Ikänik Farms"*;

"D9C Agreement" has the meaning ascribed thereto under Section 3.1.2 *"General Development of the Business – Ikänik Farms"*;

"D9C Conditions" has the meaning ascribed thereto under Section 3.1.2 *"General Development of the Business – Ikänik Farms"*;

"D9C Longstop Provision" has the meaning ascribed thereto under Section 3.1.2 *"General Development of the Business – Ikänik Farms"*;

"D9C Shares" has the meaning ascribed thereto under Section 3.1.2 *"General Development of the Business – Ikänik Farms"*;

"Debenture Indenture" means the debenture indenture entered into pursuant to the Ikänik Farms 2019 Private Placement on May 3, 2019 between Ikänik Farms and Odyssey Trust Company, as debenture agent, as amended by a supplemental indenture dated March 24, 2021;

"Definitive Agreement" means the agreement dated April 2, 2019 between CIVC, CIVC Subco, and Ikänik Farms, as amended on April 26, 2019 and again on March 25, 2021, relating to the Reverse Take-Over and includes any subsequent amending agreement or instrument supplementary or auxiliary thereto;

"Designs" has the meaning ascribed thereto under Section 2.3 *"Inter-corporate Relationships"*;

"Equity Incentive Plan" has the meaning ascribed thereto under Section 9.2 *"Equity Incentive Plan"*;

"Escrow Holders" means each of Brian Baca, Ryan Ciucki, Bill Keating and Borja Sanz de Madrid.

"Exchange Act" means the United States Securities Exchange Act of 1934;

"FDA" has the meaning ascribed thereto under Section 17 *"Risk Factors"*;

“FinCEN” means the Department of the Treasury Financial Crimes Enforcement Network;

“GMP” means the Good Manufacturing Practices certification scheme;

“High End” has the meaning ascribed thereto under Section 2.3 *“Inter-Corporate Relationships”*;

“High End Conditions” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Holdings” has the meaning ascribed thereto under Section 2.3 *“Inter-Corporate Relationships”*;

“IFRS” means International Financial Reporting Standards developed by the International Accounting Standards Board;

“International” has the meaning ascribed thereto under Section 2.3 *“Inter-corporate Relationships”*;

“Ikänik Farms” means Ikänik Farms Inc., prior to the Reverse Take-Over;

“Ikänik Farms 2018 Private Placement” has the meaning ascribed to it under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Ikänik Farms 2019 Convertible Debentures” means the 6.0% unsecured convertible debentures issued pursuant to the Ikänik Farms 2019 Private Placement, maturing on the earlier of: (a) the date that is eighteen (18) months after the occurrence of a Liquidity Event and (b) August 28, 2022, which are convertible into either Ikänik Farms Common Shares or Ikänik Farms Series A Shares at a conversion price equal to \$0.61 or \$61.00, respectively;

“Ikänik Farms 2019 Private Placement” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Ikänik Farms 2019 Private Placement Closing Date” means May 3, 2019;

“Ikänik Farms 2020 April Private Placement” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Ikänik Farms 2020 Convertible Debentures” means the 8.0% unsecured convertible debentures issued pursuant to the Ikänik Farms 2020 June Private Placement, maturing twelve (12) months from the Ikänik Farms 2020 June Private Placement Closing Date, which are convertible into Resulting Issuer Units at the Conversion Price;

“Ikänik Farms 2020 February Private Placement” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Ikänik Farms 2020 June Private Placement” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Ikänik Farms 2020 June Private Placement Closing Date” means June 23, 2020;

“Ikänik Farms 2020 November Private Placement” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Ikänik Farms 2020 September Private Placement” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Ikänik Farms 2021 March Private Placement” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Ikänik Farms 2021 Post-Listing Private Placement” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Ikänik Farms Common Share Warrants” means the outstanding Ikänik Farms Common Share purchase warrants of Ikänik Farms prior to the completion of the Reverse Take-Over;

“Ikänik Farms Common Shares” means the common shares in the capital of Ikänik Farms, prior to the Reverse Take-Over;

“Ikänik Farms Convertible Debentures” means, collectively, the Ikänik Farms 2019 Convertible Debentures and the Ikänik Farms 2020 Convertible Debentures;

“Ikänik Farms Options” means the outstanding options of Ikänik Farms and rights to acquire Ikänik Farms Common Shares prior to the completion of the Reverse Take-Over;

“Ikänik Farms Securities” means the Ikänik Farms Shares, Ikänik Farms Options, Ikänik Farms Convertible Debentures and Ikänik Farms Warrants, collectively;

“Ikänik Farms Series A Options” means the outstanding options of Ikänik Farms and rights to acquire Ikänik Farms Series A Shares prior to the completion of the Reverse Take-Over;

“Ikänik Farms Series A Shares” means the Series A compressed shares in the capital of Ikänik Farms, prior to the Reverse Take-Over;

“Ikänik Farms Series A Warrants” means the outstanding Ikänik Farms Series A Share purchase warrants prior to the completion of the Reverse Take-Over;

“Ikänik Farms Shares” means, collectively, the Ikänik Farms Common Shares and the Ikänik Farms Series A Shares;

“Ikänik Farms Warrants” means, collectively, the Ikänik Farms Common Share Warrants and the Ikänik Farms Series A Warrants;

“Ikänik Subco” has the meaning ascribed thereto under Section 2.3 *“Inter-corporate Relationships”*;

“Initial D9C Agreement” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“INVIMA” means the Colombian National Institute of Drugs and Food Surveillance;

“ISOs” has the meaning ascribed thereto under Section 9.2 *“Equity Incentive Plan”*;

“ICA” means the Colombian Instituto Colombiano Agropecuario;

“Law 1787” means Law 1787 of 2016, enacted by the Colombian congress in July 2016;

“Leahy Amendment” means the amendment to the Consolidated Appropriations Act of 2018 proposed by Senator Patrick Leahy in 2017;

“Licenses” means the licenses of the Resulting Issuer listed in the subsection *“Compliance with Applicable State Laws in the United States”* under Section 4.1 *“General Business of the Resulting Issuer”*;

“Liquidity Event” means the occurrence of any of the following, which results in the Ikänik Farms Common Shares (or the common shares or equivalent of a resulting issuer) being listed on a recognized Canadian stock exchange:

- (i) Ikänik Farms completing a bona fide public offering of the Ikänik Farms Common Shares under a prospectus filed with securities regulatory authorities in Canada, or under a registration statement filed with securities regulatory authorities in the United States which results in the Ikänik Farms Common Shares being listed on a recognized Canadian stock exchange; or
- (ii) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction or any other business combination or similar transaction which results in the Ikänik Farms Common Shares (or the common shares or equivalent of the Resulting Issuer) being listed on a recognized Canadian stock exchange;

“Listing Statement” means this Listing Statement of the Resulting Issuer including the Appendices hereto;

“Life” has the meaning ascribed thereto under Section 2.3 *“Inter-corporate Relationships”*;

“MARD” means the Colombian Ministry of Agriculture and Rural Development;

“MAUCRSA” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act;

“MCRSA” means the Medical Cannabis Regulation and Safety Act;

“MHSP” means the Colombian Ministry of Health and Social Protection;

“MJL” means the Colombian Ministry of Justice and Law;

“New D9C Agreement” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“NEX” means the NEX board of the TSX Venture Exchange;

“NI 51-102” means National Instrument 51-102 – *Continuous Disclosure Obligations*;

“NI 52-110” means National Instrument 52-110 – *Audit Committees*;

“NP 46-201” means National Policy 46-201 – *Escrow for Initial Public Offerings*;

“NQSOs” has the meaning ascribed thereto under Section 9.2 *“Equity Incentive Plan”*;

“Options” has the meaning ascribed thereto under Section 9.2 *“Equity Incentive Plan”*;

“Participants” has the meaning ascribed thereto under Section 9.2 *“Equity Incentive Plan”*;

“Person” means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;

“Personal Information” means any information about an identifiable individual;

“Pideka” has the meaning ascribed thereto under Section 2.3 *“Inter-corporate Relationships”*;

“Pideka Acquisition” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Pideka Agreement” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Pideka Build-Out” has the meaning ascribed to it under Section 4.1.1 *“Narrative Description of the Business – General Business of the Resulting Issuer – Ikänik Farms”*;

“Pideka Conditions” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Pideka Shares” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Resulting Issuer” means the publicly-traded entity, Ikänik Farms Inc., and its subsidiaries, resulting from the Reverse Take-Over (including the Vertical Amalgamation) of CIVC by Ikänik Farms, on a consolidated basis, and, in the case of references to matters undertaken by a predecessor in interest to the Resulting Issuer or its subsidiaries, includes each such predecessor in interest, unless the context otherwise requires after giving effect to the Reverse Take-Over;

“Resulting Issuer Board” means the board of directors of the Resulting Issuer;

“Resulting Issuer Broker Warrants” mean the warrants of the Resulting Issuer to purchase Resulting Issuer Shares issued to brokers in connection with the Ikänik Farms 2019 Private Placement;

“Resulting Issuer Options” means the options of the Resulting Issuer following the completion of the Reverse Take-Over, which were the Ikänik Farms Options prior to the completion of the Reverse Take-Over;

“Resulting Issuer Series A Options” means the series A options of the Resulting Issuer following the completion of the Reverse Take-Over, which were the Ikänik Farms Series A Options prior to the completion of the Reverse Take-Over;

“Resulting Issuer Securities” means, collectively, the Resulting Issuer Shares, the Resulting Issuer Options, the Resulting Issuer Series A Options, the Resulting Issuer Warrants and the Resulting Issuer Broker Warrants;

“Resulting Issuer Series A Multiple Voting Shares” means the Series A compressed shares in the capital of the Resulting Issuer, as further described under Section 10.1.2 *“Resulting Issuer Series A Multiple Voting Shares”*;

“Resulting Issuer Series A Warrants” means the Series A Multiple voting share warrants of the Resulting Issuer following the completion of the Reverse Take-Over, which were the Ikänik Farms Series A Warrants prior to the completion of the Reverse Take-Over;

“Resulting Issuer Shares” means, collectively, the Resulting Issuer Subordinate Voting Shares and the Resulting Issuer Series A Multiple Voting Shares in the capital of the Resulting Issuer;

“Resulting Issuer Subordinate Voting Shares” means the subordinate voting shares in the capital of the Resulting Issuer, as further described under Section 10.1.1 *“Resulting Issuer Subordinate Voting Shares”*;

“Resulting Issuer Subordinate Voting Warrants” means the subordinate voting warrants of the Resulting Issuer following the completion of the Reverse Take-Over, which were the Ikänik Farms Common Share Warrants prior to the completion of the Reverse Take-Over;

“Resulting Issuer Units” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“Resulting Issuer Warrants” mean, collectively, the Resulting Issuer Subordinate Voting Warrants and the Resulting Issuer Series A Warrants;

“Reverse Take-Over” means the reverse takeover of CIVC by Ikänik Farms by way of an amalgamation between CIVC Subco and Ikänik Farms, as contemplated in the Definitive Agreement and including the subsequent Vertical Amalgamation;

“RICO” means the United States Racketeer Influenced Corrupt Organizations Act;

“RSUs” has the meaning ascribed thereto under Section 9.2 *“Equity Incentive Plan”*;

“Sacramento Build-Out” has the meaning ascribed thereto under Section 4.1.1 *“Narrative Description of the Business – General Business of the Resulting Issuer – Ikänik Farms”*;

“Sacramento Facility” has the meaning ascribed thereto under Section 4.1.1 *“Narrative Description of the Business – General Business of the Resulting Issuer – Ikänik Farms”*;

“SARs” has the meaning ascribed thereto under Section 9.2 *“Equity Incentive Plan”*;

“SEC” means the United States Securities and Exchange Commission;

“Section 280E” means Section 280E of the Code;

“Securities Exchange Agreement” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikänik Farms”*;

“SEDAR” means the System for Electronic Document Analysis and Retrieval;

“Sessions Memo” means the 2018 United States Department of Justice Memorandum drafted by former Attorney General Jeff Sessions which rescinded and superseded the Cole Memo;

“THC” means tetrahydrocannabinol;

“THCA” has the meaning ascribed thereto under Section 2.3 *“Inter-corporate Relationships”*;

“THCA Acquisition” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikānik Farms”*;

“THCA Agreement” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikānik Farms”*;

“THCA Conditions” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikānik Farms”*;

“THCA Longstop Provision” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikānik Farms”*;

“THCA Shares” has the meaning ascribed thereto under Section 3.1.2 *“General Development of the Business – Ikānik Farms”*;

“Transfer Agent” or **“Trustee”** means Odyssey Trust Company, a trust company existing under the laws of the Province of Alberta;

“TSXV” means the TSX Venture Exchange;

“U.S. Securities Act” means the United States Securities Act of 1933;

“United States” or **“U.S.”** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia; and

“Vertical Amalgamation” means the vertical amalgamation of the Resulting Issuer and Amalco in connection with the completion of the Reverse Take-Over.

Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

Unless otherwise specified, all dollar amounts in this Listing Statement and the Schedules, including the symbol “\$”, are expressed in U.S. dollars.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Listing Statement includes “forward-looking information” and “forward-looking statements” within the meaning of Canadian securities laws and United States securities laws. All information, other than statements of historical facts, included in this Listing Statement that address activities, events or developments that the Resulting Issuer expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” or similar expressions and includes, among others, information regarding: expectations for the effects of the Reverse Take-Over; the potential benefits of the Reverse Take-Over; the Resulting Issuer’s ability to obtain licenses; statements relating to the business and future activities of, and developments related to, the Resulting Issuer after the date of this Listing Statement, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Resulting Issuer’s business, operations and plans, including new revenue streams, statements with respect to the production capacity at the Benicia facility, the Sacramento Facility or any Pideka facilities; the ability to realize revenue at the Sacramento Facility, the Benicia facility, or any Pideka facilities; statements with respect to markets in California expected to move towards adult-use legalization; statements with respect to timing of the Sacramento Build-Out, the Benicia Build-Out or the Pideka Build-Out; the projected time for opening the dispensaries; the expansion into additional states and international markets; any potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the United States and the state in which the Resulting Issuer operates; the regulatory framework governing cannabis for recreational and medicinal use in Canada, the United States, Colombia, and any other jurisdiction in which the Resulting Issuer may conduct business in the future; expectations for other economic, business, regulatory and/or competitive factors related to the Resulting Issuer or the cannabis industry generally; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Resulting Issuer at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Resulting Issuer, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements. Such factors include, among others: risks relating to founder voting control; risks relating to the fact that marijuana remains illegal under U.S. federal law; risks relating to the federal regulation of marijuana in the United States; risks associated with traveling across borders for the Resulting Issuers management team and employees; risks relating to the regulatory uncertainty in states in the United States; risks relating to the fact that the Resulting Issuer’s business is dependent on laws pertaining to the cannabis industry, and further legislative development is not guaranteed; risks related to operating in a young industry; risks relating to the fact that the legality of cannabis could be reversed in one or more of the states that the Resulting Issuer operates in; risks related to the strong opposition that the cannabis industry faces; risks relating to the heightened scrutiny by Canadian regulatory authorities; risks relating to restricted access to banking in the United States; risks relating to regulatory scrutiny of the Resulting Issuer’s interests in the United States; risks based on the fact that the Resulting Issuer’s management team or other owners could be disqualified from ownership in the Resulting Issuer; risks relating to constraints on marketing products; risks relating to unfavourable tax treatment of cannabis businesses; risks relating to civil asset forfeiture; risks of RICO prosecution or civil liability; risks inherent with being a foreign private issuer; risks relating to proceeds of crime statutes; risks relating to the United States tax

classification of the Resulting Issuer; security risks for the Resulting Issuer's assets; emerging market risks; economic risks inherent in any investment in an emerging market country such as Colombia; restricted access to banking in Colombia; corruption and fraud; risks relating to the Resulting Issuer's operations in Colombia; risks relating to the Colombian legal system; the potential that Colombia will impose repatriation of earnings restrictions in the future; inflationary risks based on Colombia's historic experience of double-digit rates of inflation; risks relating to limited trademark protections available; risks relating to the fact that the Resulting Issuer may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to the Resulting Issuer, could subject the Resulting Issuer to significant liabilities and other costs; risks relating to currency fluctuations; risks relating to the lack of access to U.S. bankruptcy protections; risks relating to potential FDA regulation; risks related to the legality of contracts entered into by the Resulting Issuer; risks relating to unfavourable publicity or consumer perception; risks relating to unpredictability caused by anticipated capital structure and voting control; risks relating to the Resulting Issuer being a holding company; risks relating to the possibility that sales of substantial amounts of Resulting Issuer Shares may have a material adverse effect on the market price of the Resulting Issuer Shares; risks relating to the volatile market price for the Resulting Issuer Shares; liquidity risks; risks relating to increased costs as a result of being a public company; risks relating to future acquisitions or dispositions; risks relating to the Resulting Issuer's products; risks relating to information technology systems and cyberattacks; risks related to the impact of Coronavirus (COVID-19) and potential health crises on the Resulting Issuer's business; risks inherent in an agriculture business; risks relating to energy costs; unknown environmental risks; risks related to the reliance on management; insurance and uninsured risks; risks relating to operating in an emerging industry; risks related to the possible shrinkage or lack of growth in the Resulting Issuer's industry; risks relating to the dependence on key inputs, suppliers and skilled labour; risks based on the Resulting Issuer's dependence on the acquisition and retention of various licenses; tax risks; risks relating to the difficulty with forecasting; risks related to the management of growth; risks related to internal controls; litigation risks; risks related to product liability; product recall risks; risks relating to the results of future clinical research; competition risks; risks associated with a newly established legal regime; general economic risks; global economy; as well as those risk factors discussed in Section 17 "*Risk Factors*" below. Although the Resulting Issuer has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. Forward-looking information and statements are provided and made as of the date of this Listing Statement and the Resulting Issuer does not undertake any obligation to revise or update any forward-looking information or statements other than as required by applicable law.

Please also refer to the Cautionary Note Regarding Forward-Looking Information within the annual MD&A of Ikänik Farms for the year ended December 31, 2019, attached hereto as Appendix F.

2. CORPORATE STRUCTURE

2.1 Corporate Name

2.1.1 CIVC

Prior to the Reverse Take-Over, the full corporate name of CIVC was “Canadian Imperial Venture Corp.”. The registered and head office of CIVC was located at Suite 502 - 602 West Hastings Street Vancouver, BC V6B 1P2.

2.1.2 Ikänik Farms

Prior to the Reverse Take-Over, the full corporate name of Ikänik Farms was “Ikänik Farms Inc.” (referred to herein as “we,” “our,” and similar terms). The registered office of Ikänik Farms was located at 2200 HSBC Building 885 West Georgia Street, Vancouver BC, V6C 3E8. The head office of Ikänik Farms was located at Scotia Plaza, Suite 2100, 40 King St. W. Toronto, Ontario M5H 3C2.

2.1.3 Resulting Issuer

The full corporate name of the Resulting Issuer is “Ikänik Farms Inc.” (referred to herein as “we,” “our,” and similar terms). The registered office of the Resulting Issuer is located at 2200 HSBC Building 885 West Georgia Street, Vancouver BC, V6C 3E8. The head office of the Resulting Issuer is located at Scotia Plaza, Suite 2100, 40 King St. W. Toronto, Ontario M5H 3C2.

2.2 Incorporation

2.2.1 CIVC

CIVC was incorporated pursuant to the provisions of the *Company Act* (British Columbia) on September 4, 1986 as “American Girl Resources Inc.” On March 28, 1991, CIVC filed articles of amendment to effect the changing of its name to “T.K.O. Resources Inc.” On June 1, 1999, CIVC filed articles of amendment to effect the changing of its name to “Canadian Imperial Venture Corp.”

2.2.1 Ikänik Farms

Ikänik Farms was incorporated on April 25, 2018 under the CBCA as “Cannus Partners Inc.” On May 6, 2019, Ikänik Farms filed a certificate of amendment to effect the changing of its name to “Ikänik Farms Inc.” Ikänik Farms continued into the Province of British Columbia on March 30, 2020.

2.2.2 Resulting Issuer

On March 30, 2021, CIVC, CIVC Subco and Ikänik Farms completed the Reverse Take-Over. In connection with the Reverse Take-Over, the Resulting Issuer filed articles of amendment to effect the changing of its name to “Ikänik Farms Inc.” Upon completion of the Reverse Take-Over, the year end of the Resulting Issuer became December 31.

2.3 Inter-corporate Relationships

Set forth below is the organization chart of Ikänik Farms immediately prior to the Reverse Take-Over and the Resulting Issuer following the completion of the Reverse Take-Over. The material subsidiaries of Ikänik Farms were not changed in connection with the Reverse Take-Over.

Ikänik Farms currently owns 100%, directly and/or indirectly, of the issued and outstanding shares of ten active and operating subsidiaries and 90% of one active and operating subsidiary: (i) Firehouse Holdings Inc. (Nevada); (ii) Cannus Inc. (Nevada); (iii) Blunt Brothers (California); (iv) Ikänik Farms, Inc. (California); (v) T.H.C.A. Inc. (California); (vi) Ikänik Designs LLC (Nevada); (vii) Ikänik Life (California); (viii) Ikänik Farms International Inc. (Canada); (ix) Pideka (Colombia); (x) D9C Mexico S.A. De C.V. (Mexico) and (xi) High End (California – 90% ownership).

Firehouse Holdings Inc. (“**Holdings**”) was incorporated by Ikänik Farms pursuant to the laws of the state of Nevada on May 9, 2019, with its head and registered office located at 3285 Quartzite Drive, Reno, Nevada 89523. Holdings is a wholly-owned subsidiary the Resulting Issuer.

Cannus Inc. (“**Cannus**”) was incorporated as “Cannus Partners, Inc.” pursuant to the laws of the state of Nevada on April 24, 2018, with its head office located at 531 Queensland Circle, Corona, CA 92880, and its registered office located at 2330 Hickory Hill Way, Reno, Nevada 89523. Cannus filed articles of amendment to effect the changing of its corporate name to “Cannus Inc.” on January 10, 2019. Cannus is a wholly-owned subsidiary of Holdings.

Blunt Brothers (“**Blunt Brothers**”) was initially formed and operated as a California Non-Profit Mutual Benefit Corporation and converted from a California Non-Profit Mutual Benefit Corporation to a corporation under the laws of the state of California on July 26, 2018, with its head office located at 2211 South Hunts Lane, San Bernardino, CA 92408-4172 and registered office located at 14040 Cherry Avenue, Ste. 153R Fontana, CA 92337. Blunt Brothers is a wholly-owned subsidiary of Holdings.

Ikänik Farms, Inc. (“**Ikänik Subco**”) was initially formed and operated as a California Non-Profit Mutual Benefit Corporation and converted from a California Non-Profit Mutual Benefit Corporation to a corporation under the laws of the state of California on May 18, 2018, with its head office located at 531 Queensland Circle, Corona, CA 92880, and its registered office located at 3285 Quartzite Drive, Reno, NV 89523. Ikänik Subco is a wholly-owned subsidiary of Holdings.

T.H.C.A. Inc. (“**THCA**”) was incorporated pursuant to the laws of the state of California on December 23, 2015, with its head and registered office located at 5380 S. Watt Avenue, Sacramento, California 95826. THCA is a wholly-owned subsidiary of Holdings.

Ikänik Designs LLC (“**Designs**”) was formed as a Limited Liability Company pursuant to the laws of the state of Nevada on June 22, 2016 by Brian Baca, ownership of which was transferred to Holdings on July 31, 2019, with its head office located at 531 Queensland Circle, Corona, CA 92880 and its registered office located at 2330 Hickory Hill Way, Reno, Nevada 89523. Designs is a wholly-owned subsidiary of Holdings.

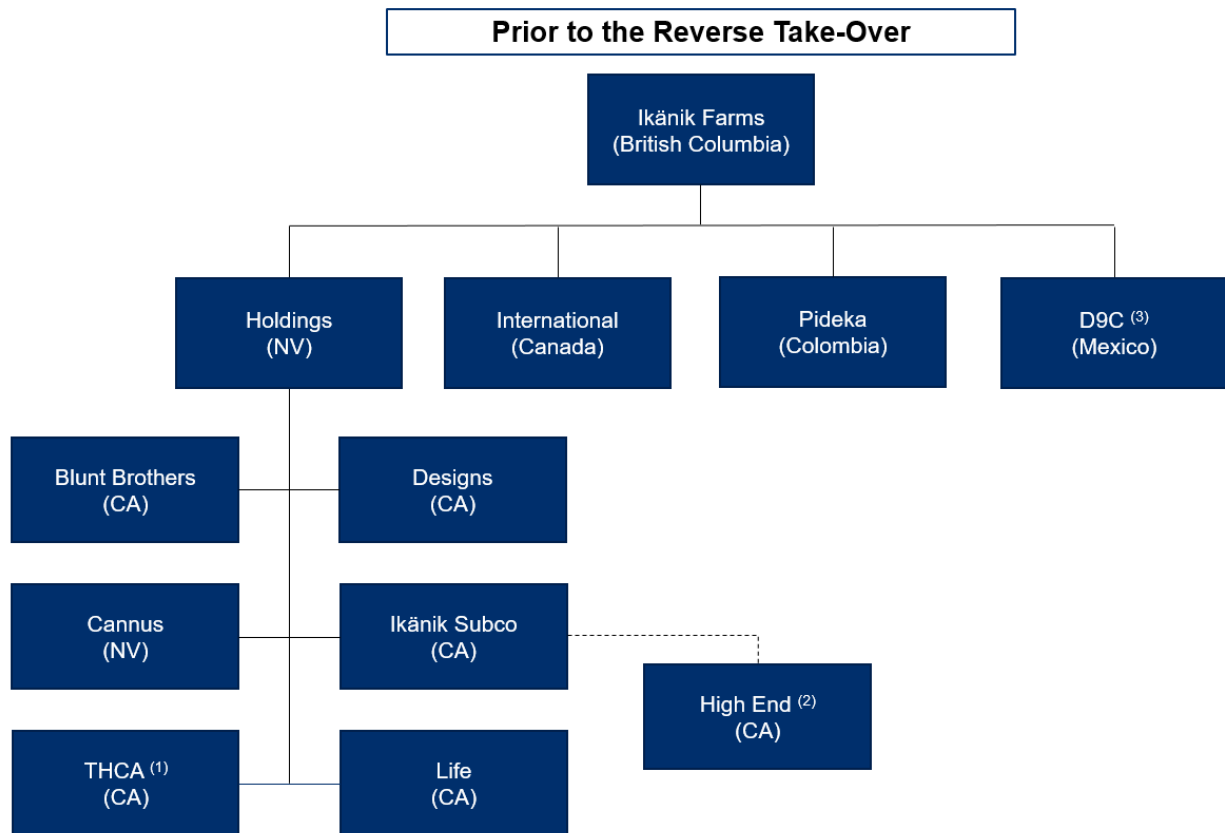
Ikänik Life (“**Life**”) was incorporated by Ikänik Farms pursuant to the laws of the state of California on September 19, 2019 with its head and registered office located at 531 Queensland Circle, Corona, CA 92880. Life is a wholly-owned subsidiary of Holdings.

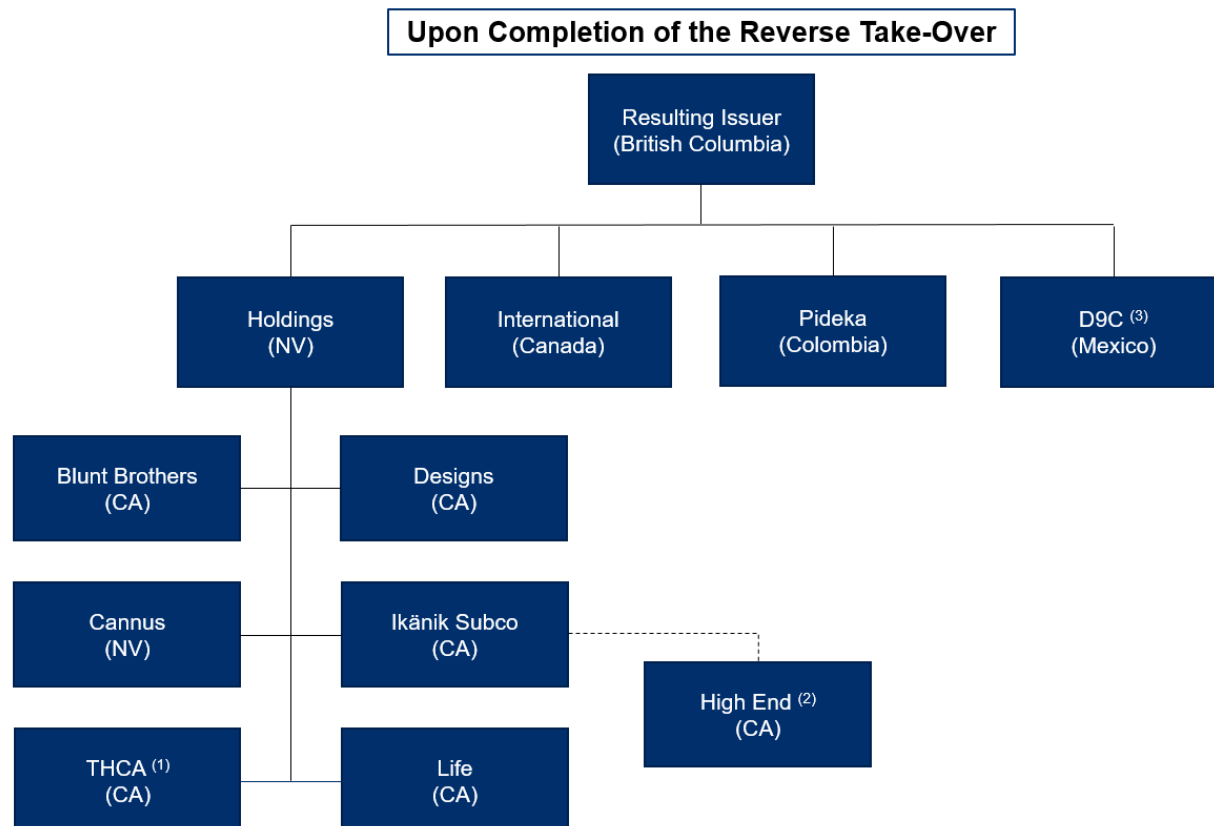
Ikänik Farms International Inc. (“**International**”) was incorporated by Ikänik Farms pursuant to the laws of Canada on March 26, 2019, with its head and registered office located at Scotia Plaza, Suite 2100, 40 King St. W. Toronto, Ontario M5H 3C2. International is a wholly-owned subsidiary of the Resulting Issuer.

Pideka, S.A.S. (“**Pideka**”) was incorporated pursuant to the laws of Colombia on June 7, 2016, with its head and registered office located at Centro Empresarial OIKOS Tocancipà Vereda Canavita Tocancipà KM 21 via Bogotá tunja Bodega #7. Pideka is a wholly-owned subsidiary of the Resulting Issuer.

High End, LLC (“**High End**”) was incorporated pursuant to the laws of the state of California on April 27, 2018 and has its head office registered at 531 Queensland Circle, Corona, CA 92879. Ikānik Subco owns 90% of the membership interest in High End which will become a wholly owned subsidiary of Ikānik Subco when High End receives its certificate of occupancy for its dispensary location in Palm Springs, CA.

D9C Mexico S.A. De C.V. (“**D9C**”) was incorporated pursuant to the laws of Mexico on December 18, 2018 and has its head and registered office at Mercurio Mz 5, Lt 3, offices A 302 and B 302, Joyas del Pedregal, Delegación Coyoacan, 04660 Mexico. D9C is a wholly-owned subsidiary of the Resulting Issuer.





Notes:

- (1) The shares of THCA are subject to the THCA Longstop Provision as further described in Section 3.1.2 “*General Development of the Business – Ikānik Farms – Acquisitions – Acquisition of THCA*”.
- (2) Ikānik Subco currently owns 90% of the membership interest in High End which will become a wholly-owned subsidiary of Ikānik Subco when High End receives its certificate of occupancy for its dispensary location in Palm Springs, CA.
- (3) The shares of D9C are subject to the D9C Longstop Provision as further described in Section 3.1.2 “*General Business Development of the Business - Ikānik Farms – Acquisitions – Acquisition of D9C*”.

2.4 Summary of the Reverse Take-Over

A summary of the Reverse Take-Over is set out in Section 3.2 “*General Development of the Business – Reverse Take-Over*”.

2.5 Non-Corporate Resulting Issuers and Resulting Issuers Outside of Canada

This is not applicable to the Resulting Issuer.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development

3.1.1 CIVC

CIVC was a reporting issuer in the provinces of British Columbia, Alberta and Ontario. Its common shares were listed for trading on the TSXV under the symbol CQV.H. CIVC was originally incorporated pursuant to the provisions of the *Company Act* (British Columbia) on September 4, 1986 as “American Girl Resources Inc.” On March 28, 1991, CIVC filed articles of amendment to effect the changing of its name to “T.K.O. Resources Inc.” On June 1, 1999,

CIVC filed articles of amendment to effect the changing of its name to “Canadian Imperial Venture Corp.”

CIVC focused primarily on the identification and evaluation of assets or a business with a view of completing a transaction subject to shareholder approval and acceptance by regulatory authorities.

Financing Activities

On February 15, 2018, CIVC completed a non-brokered private placement (the “**CIVC Unit Private Placement**”) for aggregate gross proceeds of \$1,045,000 through the issuance of 11,000,000 units at a price of \$0.095 per unit. Each unit consisted of one CIVC Share and one CIVC Share purchase warrant entitling the holder to acquire one additional CIVC Share at a price of \$0.125 for a period of 12 months. In connection with the CIVC Unit Private Placement, CIVC also issued 802,500 finder’s units on terms identical to those issued to subscribers.

3.1.2 Ikänik Farms

Ikänik Farms was incorporated on April 25, 2018 under the CBCA as “Cannus Partners Inc.” On May 6, 2019, Ikänik Farms filed a certificate of amendment to effect the changing of its name to “Ikänik Farms Inc.” Ikänik Farms continued into the Province of British Columbia on March 30, 2020. Ikänik Farms is a vertically integrated cannabis cultivator, producer, distributor and dispensary operator that is building out its “seed to sale” business across California and the greater northeast of the United States. Ikänik Farms’ operations are currently located in California and Colombia.

Distribution

Ikänik Farms’ wholly-owned subsidiary (through Holdings), Blunt Brothers operates in a 5,600 square foot premises and has a 13,500 cubic foot climate-controlled product storage to support its packaging and labelling, and nonvolatile production services including pre rolls. Blunt Brothers received its California Adult-Use and Medicinal – Distributor License Provisional on June 26, 2020 and its City of San Bernardino Cannabis Business Permit on October 2, 2019 and filed a permit application on November 30, 2020 with the City of San Bernardino to amend its business permit to allow for retail, delivery and non volatile manufacturing. Blunt Brothers purchases and sells third party cannabis branded products and packages its own brands of cannabis flower products which it sells to licensed dispensaries through an in-house sales and marketing team. Blunt Brothers also provides packaging services for dry flower into jars, mylar bags and pre rolls.

Cultivation

Ikänik Farms’ wholly-owned operating subsidiary (through Holdings), THCA, based in Sacramento, CA, has received conditional use permits from the City of Sacramento for cultivation, manufacturing and distribution of cannabis products and received its State of California cultivation license on March 17, 2021. THCA operates within a 9,600 square foot building and is on schedule to complete the build-out of its cultivation operation by April 2021 and begin planting in May 2021.

Ikänik Subco has a 56,000 square foot leased facility with two builds, permitted for multi-license use in Adelanto, CA: 30,981 square foot building for indoor cultivation with an additional 6,075 square feet for added operations; 7,000 square foot building for nonvolatile extraction; and

additional building space of 12,100 square feet for volatile extraction and distribution. Manufacturing Plans for the aforementioned facility were submitted on December 19, 2019 and Cultivation Plans are to be submitted by May 2021.

Ikänik Subco and its property has received conditional use permits from the City of Adelanto for adult-use cannabis cultivation; distribution and nonvolatile manufacturing. Local permits for distribution and adult-use cultivation were renewed in September 2020 and October 2020, respectively. State applications for cultivation and nonvolatile manufacturing were filed in October 2019 and an application for distribution will be filed in Q3, 2021.

Ikänik Subco is on schedule to commence cultivation in Q3, 2021 pending state approval.

Cultivation – Colombia

Pideka's first bodega (facility) is just under 10,000 square feet and is fully operational, housing the company's agronomic testing for the purpose of validating the material requirement necessary for commercial sales. Pideka is currently building out four bodegas, totalling approximately 80,000 square feet, with a target completion date of Q3, 2021. The first facility has commenced commercial production and completed its first commercial sale in July 2020.

Pideka was issued a good agricultural and collection practices (GACP) certification on December 18, 2019 along with its GMP-PHARMACEUTICAL certification in January 2020. Pideka was issued GPTCP certification on August 20, 2020, ISO9001:2015 certification on January 7, 2021 and expects to receive EU-GMPC certification in April 2021.

Pideka has successfully finalized its first round of material testing for heavy metals, pesticides and microbiological at both the AGROSAVIA and UTADEO laboratories (ISO 17025).

Cultivation - Mexico

D9C is the exclusive Amparo representative to import, cultivate, and produce products derived from cannabis and hemp for national and international markets. D9C's legal representative is permitted to import and register cannabis seeds for cultivation through the legalized Amparo process.

D9C is preparing to import certified and licensed seeds for genetic registration from Pideka's Colombian GACP and GMP-PHARMA certified Casa Flores facility.

Upon D9C's legal representative completing the seed importation and registration process, cultivation and facility construction may commence.

Dispensary

Ikänik Farms, through its operating subsidiary High End LLC, is on schedule to open in June 2021, a licensed 2,300 square foot dispensary in Palm Springs, CA just off from the city's famed Palm Springs Canyon Drive. High End was issued from the City of Palm Springs a conditional cannabis permit for retail in October 2019 and a building permit in March 2020.

Consumer Products

Ikänik Farms develops and produces five cannabis flower brands in-house which are sold through Blunt Brothers, representing approximately 80% of Blunt Brothers' monthly distribution revenue.

Life produces five non-cannabis flower touching consumer product brands in-house, which are marketed to Latin America, European and U.S. pharmaceutical distributors and retailers and action sports and outdoor retail channels in select States. Marketing initiatives include athlete endorsements. Ikänik Farms and its subsidiaries have entered into endorsement deals with WSL Pro surfer Sebastian Zietz, former Olympic bronze medal snowboarder, JJ Thomas, professional snowboarder Toby Miller and Rob Machado a professional surfer and environmental activist. Ikänik Farms also features in an adventure video series entitled "Van Life Blow" featuring Ikänik Farms' custom sprinter van and affiliate marketing through social media influencers to drive sales through referral codes.

Revenues

Ikänik Farms' long-term focus is on building sustainable growth and earnings. Ikänik Farms generates revenue from the sale of cannabis, cannabis derivatives and non-cannabis products.

In late 2019 Blunt Brothers commenced the sale of its licensed cannabis products, generating revenue from the sale of third-party cannabis products and its house brands accounting for 80% of sales. Distribution revenue was \$2,990,025 for the year ended December 31, 2020.

Packaging and fulfillment services started in late-May 2020 and revenue as of the end of December 2020 was \$984,868.

Management expects that Ikänik Subco's California cultivation operations will produce and sell premium flower and Adelanto will additionally provide flower and flower-infused products to Blunt Brothers which it will package under its private label brands and sell to dispensaries.

Pideka has started to sell premium medicinal oil as magistral formulas in Colombia and management expects to sell to pharmaceutical distributors and to licensed importers and pharmaceutical companies in Europe and Mexico. On April 19, 2020, Pideka received letter of intent from CiBiD A/S and CiBiD Group Aps, a CBD product manufacturer based in Denmark, for 2,500 kg of decarbonized cannabis flower. A definitive agreement was executed on September 14, 2020 and the first purchase was received on September 28, 2020. On November 25, 2020, Pideka received a purchase order from a pharmaceutical distributor based in Mexico to supply THC medicinal oil which it fulfilled in January 2021.

Life has commenced sales of CBD products in the U.S. and management expects to sell to pharmaceutical retailers, distributors in Latin America and Europe and sport retailers in the United States. Life has entered into various agreements including a memorandum of understanding with Commercial Company Canycon, S.A. de C.V, a pharmaceutical distributor in Mexico, to supply 100,000 units of Ikänik Life, Alma Naturals, and Kahlo Organics branded CBD products per month for five years in Mexico. On October 28, 2020, Life received a purchase order to supply six Pideka branded CBD products to a US based pharmaceutical distributor which it fulfilled in January 2021.

Acquisitions

Securities Exchange Agreement with Cannus, Blunt Brothers and Ikänik Subco

Effective August 9, 2018, Ikänik Farms completed the acquisition of all issued and outstanding equity interests of Blunt Brothers through a securities exchange and contribution arrangement (the “**Securities Exchange Agreement**”). Pursuant to the Securities Exchange Agreement; (i) an aggregate of 229,722 Ikänik Farms Series A Shares were issued by Ikänik Farms to Blunt Brothers’ shareholders in exchange for Blunt Brothers’ 1,000 shares of common stock; (ii) an aggregate of 245,277 Ikänik Farms Series A Shares were issued by Ikänik Farms to Ikänik Subco’s shareholders in exchange for Ikänik Subco’s 10,000,000 shares of common stock and (iii) 1 Ikänik Farms Series A Share was issued by Ikänik Farms to Cannus’ sole shareholder in exchange for Cannus’ 100 shares of common stock.

The transactions contemplated in the Securities Exchange Agreement constituted a single integrated transaction qualifying as a tax-deferred transfer by the former shareholders of Blunt Brothers, Ikänik Subco and Cannus to Ikänik Farms pursuant to Section 351 of the Code. As a result of the Securities Exchange Agreement, Ikänik Farms was treated as a United States domestic corporation for U.S. federal income tax purposes under the Code.

As a result of the Securities Exchange Agreement, Blunt Brothers, Ikänik Subco and Cannus became wholly-owned subsidiaries of Ikänik Farms and on June 13, 2019 became wholly-owned subsidiaries of Holdings. Cannus was incorporated for the purposes of facilitating the transactions contemplated by the Securities Exchange Agreement and did not have any active operations, revenue or assets.

Acquisition of THCA

On March 11, 2019, Ikänik Farms entered into a Stock Transfer Agreement, as amended on April 10, 2019, March 20, 2020, November 26, 2020 and March 18, 2021 (the “**THCA Agreement**”) with the shareholders of THCA to transfer all of the issued and outstanding shares of THCA (the “**THCA Shares**”) to Ikänik Farms in exchange for an aggregate of 40,884 Ikänik Farms Series A Shares (the “**THCA Acquisition**”). The 40,884 Ikänik Farms Series A Shares were issued but held in escrow. The delivery of the Ikänik Farms Series A Shares to former shareholders of THCA as part of the THCA Acquisition is conditional upon the receipt of certain regulatory requirements by THCA and Ikänik Farms, including delivery to Ikänik Farms of (the “**THCA Conditions**”):

1. a copy of a validly issued conditional use permit for THCA issued by the City of Sacramento for the Sacramento Facility for cannabis cultivation, manufacturing and distribution;
2. a copy of a validly issued temporary state cultivation license for THCA with respect to the Sacramento Facility;
3. a copy of a validly issued Sacramento business license for THCA with respect to the Sacramento Facility;
4. a copy of a validly issued cannabis tax permit for THCA with respect to the Sacramento Facility; and

5. a copy of a current cultivation TA18-0013258 and a statement that an annual state application for cannabis cultivation manufacturing and distribution has been submitted to the California Department of Food and Agriculture, the California Department of Public Health and the BCC.

THCA Condition 1, above, has been satisfied and THCA Conditions 3 through 5, above, have not been met as of the date hereof. Management expects the THCA Conditions will be completed by the end of April 2021.

In connection with the THCA Acquisition: (i) Ikänik Farms assumed the lease of THCA at 5380 S. Watt Avenue, Sacramento, CA 95826; (ii) Ikänik Farms assumed the option to purchase the Sacramento Facility (as defined below); (iii) Ikänik Farms issued a promissory note to one of the former shareholders of THCA for loans made by the shareholder to THCA; and (iv) Ikänik Farms agreed to provide \$800,000 in capital expenditures for the build-out of an indoor cultivation facility on the Sacramento Facility.

If the satisfaction of each of the THCA Conditions above does not occur by June 30, 2021, and upon repayment of all property improvements as part of the build-out the Sacramento Facility (the “**THCA Longstop Provision**”):

- Ikänik Farms will transfer the THCA Shares back to the former shareholders of THCA;
- each of the former shareholders of THCA will transfer any Ikänik Farms Series A Shares received as part of the THCA Acquisition back to Ikänik Farms and any Ikänik Farms Series A Shares held in escrow shall be cancelled; and
- the lease and option with respect to the Sacramento Facility shall be transferred back to THCA.

Pursuant to the THCA Agreement, Ikänik Farms may opt to extend THCA Longstop Provision date to a subsequent date of its choosing.

Acquisition of Pideka

On August 21, 2019, Ikänik Farms entered into a Stock Transfer Agreement (the “**Pideka Agreement**”) with the prior shareholders of Pideka to transfer all of the issued and outstanding shares of Pideka (the “**Pideka Shares**”) to Ikänik Farms in exchange for an aggregate of 33,333,333 Ikänik Farms Common Shares at a price of \$1.20 (the “**Pideka Acquisition**”) to be transferred in the amounts and subject to the completion of the conditions (the “**Pideka Conditions**”) set out below:

1. within 10 business days following the receipt of certain regulatory, corporate and tax documentation, each as deemed satisfactory by Ikänik Farms, 16,666,667 Ikänik Farms Common Shares shall be delivered ratably to the former shareholders of Pideka;
2. within 10 business days following the construction, commencement in whole or part of Pideka’s property at Tenjo as deemed satisfactory by Ikänik Farms, 8,333,333 Ikänik Farms Common Shares shall be delivered ratably to the former shareholders of Pideka; and

3. within 10 business days following the delivery to Ikänik Farms of a copy of a validly issued GMP certification as deemed satisfactory by Ikänik Farms, the remainder of the Ikänik Farms Common Shares shall be delivered ratably to the former shareholders of Pideka.

On February 18, 2020, Ikänik Farms issued 33,333,333 Ikänik Farms Common Shares to the prior shareholders of Pideka as consideration for the satisfaction by Pideka of each of the Pideka Conditions on February 11, 2020.

Acquisition of High End LLC

On August 6, 2019, Ikänik Subco entered into a membership interest purchase agreement with the membership interest holders of High End to sell all of the membership interest of High End (the "**High End Interest**") to Ikänik Subco in exchange for \$1,200,000 (the "**Purchase Price**"). The High End Interest is to be transferred in the percentages and subject to the completion of the conditions (the "**High End Conditions**") set out below:

1. Within fifteen (15) days of the effective date of the agreement, Ikänik Subco shall deposit \$150,000 into escrow which shall act as a deposit against the Purchase Price and shall not be cumulative to it.
2. The High End Interest holders shall immediately transfer ninety percent (90%) of their respective interests in High End to Ikänik Subco on or before September 1, 2019.
3. Within seven (7) days of the release of the initial escrow deposit, Ikänik Subco shall place an additional \$300,000 into escrow. On the first of each subsequent month, Ikänik Subco shall place an additional \$100,000 into escrow until a certificate of occupancy is issued by the City of Palm Springs, or until the full purchase price has been deposited including the initial escrow deposit, which shall be held in escrow.

High End Conditions #1 and #2 have been satisfied. Ikänik Subco expects to close High End Condition #3 in April 2021.

Acquisition of D9C

On June 23, 2020 Ikänik Farms entered into a Stock Transfer Agreement (the "**Initial D9C Agreement**") with the prior shareholders of D9C to transfer all of the issued and outstanding shares of D9C (the "**D9C Shares**") to Ikänik Farms in exchange for an aggregate of 10,000,000 Ikänik Farms Common Shares at a price of \$0.40 (the "**D9C Acquisition**"). On December 7, 2020, Ikänik Farms and D9C mutually terminated the agreement. However, the parties entered into a new agreement on December 14, 2020 with amended terms (the "**New D9C Agreement**") and, together with the Initial D9C Agreement, the "**D9C Agreement**"). Pursuant to the D9C Agreement, the 10,000,000 Ikänik Farms Common Shares are to be issued upon the completion of the D9C Conditions (as defined below) but will be held in escrow. The delivery of the Ikänik Farms Common Shares to former shareholders of D9C as part of the D9C Acquisition is conditional upon the receipt of certain regulatory requirements by D9C and Ikänik Farms, including delivery to Ikänik Farms of the following items (the "**D9C Conditions**"):

1. Within 10 business days following the receipt of certain assignment, corporate and tax documentation, each as deemed satisfactory by Ikänik Farms, 6,000,000 Ikänik Farms Common Shares (or Resulting Issuer Subordinate Voting Shares if the condition is met subsequent to the Reverse Take-Over) shall be delivered ratably to the former

shareholders of D9C at which point ownership and control of D9C shall be transferred to Ikänik Farms;

2. Within 10 business days following the receipt of certain corporate documents, import registrations and certifications and receipt of seeds as deemed satisfactory by Ikänik Farms, 2,000,000 Ikänik Farms Common Shares (or Resulting Issuer Subordinate Voting Shares if the condition is met subsequent to the Reverse Take-Over) shall be delivered ratably to the former shareholders of D9C; and
3. Within 10 business days following the delivery to Ikänik Farms of a copy of validly issued seed and genetic registration certificates and a cultivation permit satisfactory by Ikänik Farms, 2,000,000 Ikänik Farms Common Shares (or Resulting Issuer Subordinate Voting Shares if the condition is met subsequent to the Reverse Take-Over) shall be delivered ratably to the former shareholders of D9C.

Ikänik Farms expects that the D9C Conditions will be satisfied by April 2021.

If the satisfaction of each of the D9C Conditions above does not occur by December 23, 2021 (the “**D9C Longstop Provision**”):

- Ikänik Farms will transfer the D9C Shares back to the former shareholders of D9C; and
- each of the former shareholders of D9C will transfer any Ikänik Farms Common Shares received as part of the D9C Acquisition back to Ikänik Farms and any Ikänik Farms Common Shares held in escrow shall be cancelled.

Financing Activities

Ikänik Farms 2018 Private Placement

On September 28, 2018, Ikänik Farms completed a non-brokered financing of Ikänik Farms Common Share units and Ikänik Farms Series A Share units at a price of CAD\$0.30 per Ikänik Farms Common Share unit and CAD\$30.00 per Ikänik Farms Series A Share unit, respectively, for aggregate gross proceeds of CAD\$3,135,250.30.

Each Ikänik Farms Common Share unit was comprised of one Ikänik Farms Common Share and one quarter of one Ikänik Farms Common Share Warrant, with each whole warrant exercisable into one Ikänik Farms Common Share at CAD\$0.30 expiring September 28, 2021.

Each Ikänik Farms Series A Share unit was comprised of one Ikänik Farms Series A Share and one quarter of one Ikänik Farms Series A Share Warrant, with each whole warrant exercisable into one Ikänik Farms Series A Share at CAD\$30.00 expiring September 28, 2021.

Ikänik Farms 2019 Private Placement (and subsequent Penalty Issuance)

Ikänik Farms 2019 Private Placement

On May 3, 2019, pursuant to an agency agreement (the “**2019 Agency Agreement**”) between Ikänik Farms and the Agent, Ikänik Farms completed a private placement (the “**Ikänik Farms 2019 Private Placement**”) of 13,139 convertible debenture units at a price of \$1,000 per unit for aggregate gross proceeds of approximately \$13,139,000.

Each convertible debenture unit was comprised of a \$1,000 Ikänik Farms 2019 Convertible Debenture and 820 Ikänik Farms Common Share Warrants, for non-U.S. purchasers, and 8.2 Ikänik Farms Series A Warrants, for U.S. purchasers. Non-U.S. purchasers received Ikänik Farms 2019 Convertible Debentures which were convertible into Ikänik Farms Common Shares and Ikänik Farms Common Share Warrants. U.S. purchasers received Ikänik Farms 2019 Convertible Debentures which were convertible into Ikänik Farms Series A Shares and Ikänik Farms Series A Warrants. Immediately prior to the completion of the Reverse Take-Over, each Ikänik Farms 2019 Convertible Debenture converted into that number of Ikänik Farms Common Share (in the case of non-U.S. purchasers) or Ikänik Farms Series A Share (in the case of U.S. purchasers) as is equal to the principal amount of the Ikänik Farms 2019 Convertible Debenture (plus any interest accrued thereon) divided by the conversation price equal to \$0.61 or \$61.00, respectively. Each Ikänik Farms Common Share Warrant issued upon conversion of the convertible debenture units entitled the holder to exercise it for one Ikänik Farms Common Share at a price of \$0.79 per Ikänik Farms Common Share (or, for U.S. purchasers, each Ikänik Farms Series A Warrant entitles the holder to exercise it for one Ikänik Farms Series A Share at a price of \$79.00) for a period expiring 24 months from the date of a Liquidity Event.

In connection with the Ikänik Farms 2019 Private Placement, Ikänik Farms paid a cash fee to the Agent equal to 7% of the gross proceeds of the Ikänik Farms 2019 Private Placement sourced by the Agent and a cash fee to the Agent equal to 3.5% of the gross proceeds of the Ikänik Farms 2019 Private Placement sourced by Ikänik Farms in accordance with the terms and conditions of the 2019 Agency Agreement. Ikänik Farms granted the Agent an aggregate of 520,066 broker warrants and 973,344 advisory warrants of Ikänik Farms which were exchanged for 1,493,410 Resulting Issuer Broker Warrants as part of the Reverse Take-Over, to acquire a broker unit, with each broker unit consisting of one Resulting Issuer Subordinate Voting Share and one-half of one Resulting Issuer Subordinate Voting Warrant, at an exercise price equal to \$0.79 for a period of 24 months from the date of a Liquidity Event.

May 3, 2020 Penalty Issuance

Pursuant to a penalty provision under the 2019 Agency Agreement, if the Liquidity Event had not taken place within 12 months of the Ikänik Farms 2019 Private Placement Closing Date, Ikänik Farms was to issue additional: (a) Ikänik Farms 2019 Convertible Debentures on the basis of 10% of an Ikänik Farms 2019 Convertible Debenture for each one (1) Ikänik Farms 2019 Convertible Debenture held, (b) additional Ikänik Farms Common Share Warrants on the basis of one (1) Ikänik Farms Common Share Warrant for each ten (10) Ikänik Farms Common Share Warrants held and (c) additional Ikänik Farms Series A Warrants on the basis of one (1) Ikänik Farms Series A Warrant for each ten (10) Ikänik Farms Series A Warrants held with no fractional securities to be issued. Accordingly, on May 3, 2020, Ikänik Farms issued an additional 1,300 Ikänik Farms 2019 Convertible Debentures, 1,050,748 Ikänik Farms Common Share Warrants and 266 Ikänik Farms Series A Warrants.

March 2021 Debentureholder Resolution

On March 24, 2021, Ikänik Farms and Odyssey Trust Company, as debenture agent, executed a supplemental indenture to amend the Debenture Indenture governing the Ikänik Farms 2019 Convertible Debentures pursuant to an extraordinary resolution of debentureholders. Pursuant to the supplemental indenture:

- the maturity date of the Ikänik Farms 2019 Convertible Debentures was extended from May 3, 2021 to the earlier of: (a) the date that is eighteen (18) months after the occurrence of a Liquidity Event and (b) August 28, 2022;
- the automatic conversion provisions of the Ikänik Farms 2019 Convertible Debentures were revised such that:
 - 50% of the principal amount of each Ikänik Farms 2019 Convertible Debenture, including all interest obligations that have accrued and been capitalized to the principal amount thereof shall automatically convert at the applicable conversion price immediately prior to the occurrence of a Liquidity Event, with the Ikänik Farms Common Shares or Ikänik Farms Series A Shares, as applicable, issuable upon conversion of the Ikänik Farms 2019 Convertible Debentures being subject to a lock-up period of 120 days following the date of the Liquidity Event; and
 - commencing upon the date that is 120 days after the occurrence of a Liquidity Event, debentureholders are entitled to convert the 50% of the principal amount of each Ikänik Farms 2019 Convertible Debenture remaining outstanding after the Liquidity Event, including all interest obligations that have accrued and been capitalized to the principal amount thereof, into Resulting Issuer Subordinate Voting Shares (in the case of non-U.S.-purchasers) or Resulting Issuer Series A Multiple Voting Shares (in the case of U.S. purchasers) at a conversion price equal to \$0.61 or \$61.00, provided that such outstanding Ikänik Farms 2019 Convertible Debentures shall automatically convert if, at any time following the date that is 120 days after the date of the Liquidity Event and prior to the maturity date, the 10-day volume weighted average price (VWAP) of the Common Shares is at or above USD \$0.76.

Acquisition of Pideka Shares

On February 18, 2020, Ikänik Farms issued 33,333,333 Ikänik Farms Common Shares to the prior shareholders of Pideka as consideration for the satisfaction by Pideka of each of the Pideka Conditions on February 11, 2020.

Ikänik Farms 2020 February Private Placement

On February 24, 2020 Ikänik Farms completed a non-brokered private placement (the “**Ikänik Farms 2020 February Private Placement**”) of 1,897,429 Ikänik Farms Common Shares at a price of \$1.20 per Ikänik Farms Common Share for aggregate gross proceeds of \$2,276,913.

Ikänik Farms 2020 April Private Placement

On April 21, 2020 Ikänik Farms completed a non-brokered private placement (the “**Ikänik Farms 2020 April Private Placement**”) of 11,250 Ikänik Farms Series A Share units at a price of \$40.00 per Ikänik Farms Series A Share unit for aggregate gross proceeds of \$450,000.

Each Ikänik Farms Series A Share unit was comprised of one Ikänik Farms Series A Share and one Ikänik Farms Series A Share Warrant, with each whole warrant exercisable into one Ikänik Farms Series A Share at \$60.00 for a period expiring 24 months from the date of a Liquidity Event.

Ikänik Farms 2020 June Private Placement

On June 23, 2020 Ikänik Farms completed a private placement (the “**Ikänik Farms 2020 June Private Placement**”) of 100 Ikänik Farms 2020 Convertible Debentures at a price of \$1,000 per Ikänik Farms 2020 Convertible Debenture for aggregate gross proceeds of approximately \$100,000.

As at the close of Business Day on the first day the Resulting Issuer is trading on the CSE, each Ikänik Farms 2020 Convertible Debenture will convert into that number of units (the “**Resulting Issuer Units**”) as is equal to the principal amount of the Ikänik Farms 2020 Convertible Debenture (plus any interest accrued thereon) divided by the Conversion Price. Each Resulting Issuer Unit consists of one Resulting Issuer Subordinate Voting Share and one Resulting Issuer Subordinate Voting Warrant, with each such Resulting Issuer Subordinate Voting Warrant entitling the holder to exercise it for one Resulting Issuer Subordinate Voting Share at a price that is equal to 1.3 times the Conversion Price for a period of two years from the date of issuance.

Ikänik Farms 2020 September Private Placement

On September 18, 2020 Ikänik Farms completed a non-brokered private placement (the “**Ikänik Farms 2020 September Private Placement**”) of 14,464,482 Ikänik Farms Common Share units at a price of \$0.40 per Ikänik Farms Common Share unit for gross proceeds of \$5,785,792.75.

Each Ikänik Farms Common Share unit was comprised of one Ikänik Farms Common Share and one Ikänik Farms Common Share Warrant, with each whole warrant exercisable into one Ikänik Farms Common Share at \$0.60 for a period expiring 24 months from the date of a Liquidity Event.

Ikänik Farms 2020 November Private Placement

On November 13, 2020 Ikänik Farms completed a non-brokered private placement (the “**Ikänik Farms 2020 November Private Placement**”) of 6,484,940 Ikänik Farms Common Share units at a price of \$0.55 per Ikänik Farms Common Share unit for aggregate gross proceeds of \$3,566,717.

Each Ikänik Farms Common Share unit was comprised of one Ikänik Farms Common Share and one Ikänik Farms Common Share Warrant, with each whole warrant exercisable into one Ikänik Farms Common Share at \$0.75 for a period expiring 24 months from the date of a Liquidity Event.

January Employees Issuance

On January 8, 2021, Ikänik Farms issued a total of 125,000 Ikänik Farms Common Shares and 5,908 Ikänik Farms Series A Shares at a price of \$0.40 and \$40.00, per Ikänik Farms Common Share and Ikänik Farms Series A Share, respectively, representing a dollar amount of \$286,320

in the aggregate, to employees and one supplier of Ikänik Farms in satisfaction of services previously rendered.

Ikänik Farms 2021 Post-Listing Private Placement

On March 8, 2021, Ikänik Farms entered into an irrevocable subscription agreement (the “**Subscription Agreement**”) with an arm’s length third party (the “**Subscriber**”) to complete a non-brokered private placement (the “**Post-Listing Private Placement**”) in common shares of the Resulting Issuer for aggregate gross proceeds of \$30,000,000 (the “**Subscription Amount**”), payable upon closing of the Post-Listing Private Placement. Pursuant to the terms of the Subscription Agreement, the Subscriber will receive such number of Resulting Issuer Subordinate Voting Shares as is equal to the Subscription Amount divided by 90% of the volume weighted average price per Resulting Issuer Subordinate Voting Share during the ten (10) consecutive trading days immediately prior to the applicable date of calculation, with such date being a date that is no earlier than the fifteenth (15th) business day and no later than the forty-fifth (45th) business day following the completion of the Liquidity Event, to be selected by the Resulting Issuer. The Subscription Agreement contains various conditions to closing, including, but not limited to, the receipt of all necessary approvals and consents, including regulatory approvals and the approval of the CSE in respect of the Post-Listing Private Placement and also stipulates that the Resulting Issuer Subordinate Shares shall not be issued at a price that is lower than the amount permitted pursuant to the policies of the CSE.

March Services Issuance

On March 22, 2021, Ikänik Farms issued a total of 100 Ikänik Farms Series A Shares at a price of \$55.00 per Ikänik Farms Series A Share representing a dollar amount of \$5,500 in the aggregate, to a supplier of Ikänik Farms in satisfaction of products previously distributed.

Ikänik Farms 2021 March Private Placement

On March 26, 2021, Ikänik Farms completed a non-brokered private placement (the “**Ikänik Farms 2021 March Private Placement**”) of 3,408,992 Ikänik Farms Common Share units and 15,568 Ikänik Farms Series A units at a price of \$0.55 per Ikänik Farms Common Share unit and \$55.00 per Ikänik Farms Series A unit for aggregate gross proceeds of \$2,731,185.60.

Each Ikänik Farms Common Share unit was comprised of one Ikänik Farms Common Share and one-half of one Ikänik Farms Common Share Warrant, with each whole warrant exercisable into one Ikänik Farms Common Share at \$0.75 for a period expiring 24 months from the date of a Liquidity Event.

Each Ikänik Farms Series A Share unit was comprised of one Ikänik Farms Series A Share and one-half of one Ikänik Farms Series A Share Warrant, with each whole warrant exercisable into one Ikänik Farms Series A Share at \$75.00 for a period expiring 24 months from the date of a Liquidity Event.

3.2 Reverse Take-Over

In late-2018, representatives of CIVC and Ikänik Farms discussed the merits of a potential business combination. Recognizing the potential benefit such a transaction would bring to their respective shareholders, CIVC, CIVC Subco and Ikänik Farms entered into the Definitive Agreement on April 2, 2019 which was completed on March 30, 2021.

Under the Definitive Agreement, a copy of which is available on CIVC's profile on SEDAR at www.sedar.com, the Resulting Issuer agreed to combine its business with Ikänik Farms via the Amalgamation of CIVC Subco and Ikänik Farms, as set out below:

- (a) Upon both entities having continued into British Columbia, Ikänik Farms completed the Amalgamation with CIVC Subco, forming Amalco; holders of Ikänik Farms Common Shares (other than dissenting shareholders who did not exchange their Ikänik Farms Common Shares for Resulting Issuer Subordinate Voting Shares) received one fully paid and non-assessable Resulting Issuer Subordinate Voting Share for each Ikänik Farms Common Share held, following which all such Ikänik Farms Common Shares were cancelled;
- (b) holders of Ikänik Farms Series A Shares (other than dissenting shareholders who did not exchange their Ikänik Farms Series A Shares for Resulting Issuer Multiple Voting Shares) received one fully paid and non-assessable Resulting Issuer Multiple Voting Share for each Ikänik Farms Series A Share held, following which all such Ikänik Farms Series A Shares were cancelled;
- (c) each of the issued and outstanding Ikänik Farms Options and Ikänik Farms Series A Options were adjusted to reflect the Amalgamation such that upon the exercise of each Ikänik Farms Option and Ikänik Farms Series A Option in accordance with its terms the holder shall receive one Resulting Issuer Subordinate Voting Share or one Resulting Issuer Multiple Voting Share, as applicable, at the current exercise price of such Ikänik Farms Option and Ikänik Farms Series A Option, as applicable, in lieu of the number of Ikänik Farms Shares otherwise issuable upon such exercise;
- (d) each of the issued and outstanding Ikänik Farms Common Share Warrants were exchanged for one Resulting Issuer Subordinate Voting Warrant, and each such Resulting Issuer Subordinate Voting Warrant may be exercised for one Resulting Issuer Subordinate Voting Share at the exercise price and for the term contemplated in each Ikänik Farms Common Share Warrant;
- (e) each of the issued and outstanding Ikänik Farms Series A Warrants were exchanged for one Resulting Issuer Series A Warrant, and each such Resulting Issuer Series A Warrant may be exercised for one Resulting Issuer Multiple Voting Share at the exercise price and for the term contemplated in each Ikänik Farms Series A Warrant;
- (f) CIVC received one fully paid and non-assessable Amalco Share for each CIVC Subco Share held by CIVC, following which, all such CIVC Subco Shares were cancelled;
- (g) in consideration of the issuance of Resulting Issuer Shares pursuant to (b) and (c) above, Amalco issued to CIVC one Amalco Share for each Resulting Issuer Subordinate Voting Share issued, and one hundred (100) Amalco Shares for each Resulting Issuer Multiple Voting Share issued (the Resulting Issuer and Amalco made accompanying additions to their respective stated capital and aggregate paid-up capital accounts for the purposes of the *Income Tax Act* (Canada));
- (h) Amalco became a wholly-owned subsidiary of the Resulting Issuer; and
- (i) Amalco and the Resulting Issuer completed the Vertical Amalgamation, with the Resulting Issuer being the remaining entity.

Upon the completion of the Reverse Take-Over in accordance with the terms of Definitive Agreement:

- (a) 84,026,999 Ikänik Farms Common Shares were exchanged for 84,026,999 Resulting Issuer Subordinate Voting Shares;
- (b) 527,813 Ikänik Farms Series A Shares were exchanged for 527,813 Resulting Issuer Series A Multiple Voting Shares;
- (c) 4,140,000 Ikänik Farms Options became 4,140,000 Resulting Issuer Options;
- (d) 72,150 Ikänik Farms Series A Options became 72,150 Resulting Issuer Series A Options;
- (e) 36,449,131 Ikänik Farms Common Share Warrants became 36,449,131 Resulting Issuer Subordinate Voting Warrants;
- (f) 26,148 Ikänik Farms Series A Warrants became 26,148 Resulting Issuer Series A Warrants;
- (g) 520,066 Ikänik Farms broker warrants and 973,344 Ikänik Farms advisory warrants became 1,493,410 Resulting Issuer Broker Warrants;
- (h) the 50% of the Ikänik Farms 2019 Convertible Debentures which remain outstanding following the Liquidity Event pursuant to the Debenture Indenture, in an aggregate amount of \$8,046,546.86, became exercisable for conversion into Resulting Issuer Subordinate Voting Shares or Resulting Issuer Series A Multiple Voting Shares, as applicable, and shall continue to accrue interest until either converted (whether automatically or voluntarily) or the maturity date, whichever is earlier;
- (i) each of the Ikänik Farms 2020 Convertible Debentures which remain outstanding following the Liquidity Event, in an aggregate amount of \$106,197.98, became exercisable for conversion into Resulting Issuer Units, and shall continue to accrue interest until converted; and
- (j) the Resulting Issuer began carrying on the business of Ikänik Farms as described herein.

In addition, there are currently approximately 14,800,334 CIVC Shares issued and outstanding. Prior to the completion of the Business Combination, CIVC plans to undertake a consolidation of the CIVC Shares such that on closing of the Business Combination, 9,499,877 CIVC Shares will be issued and outstanding.

3.3 Trends, Commitments, Events or Uncertainties

United States Industry Background and Trends

The emergence of the legal cannabis sector in the United States, both for medical and adult-use, has been rapid as more states adopt regulations for its production and sale. Today it is estimated that more than 90% of Americans live in a state where cannabis is legal in some form

and almost a quarter of the population lives in states where it is fully legalized for adult-use under state law.¹

It is estimated that a significant majority of the U.S. voters between the ages of 18 and 34 support the legalized use of medical marijuana.² In addition, 67% of the U.S. public supports legalizing cannabis for adult recreational use.³ These represent large increases in public support over the past 40 years in favour of legal cannabis use.

Notwithstanding that 34 states, plus the District of Columbia, Puerto Rico and Guam have now legalized or decriminalized medical marijuana and 11 of those states plus the District of Columbia, Northern Mariana Islands and Guam have legalized adult-use marijuana in some form (with four more recently voting to legalize adult-use), marijuana remains illegal under U.S. federal law with marijuana listed as a Schedule I drug under the Controlled Substances Act (the “**Controlled Substances Act**”).⁴

Due to the support for legal access to adult-use and medical marijuana at the state level, there has been rapid opportunity growth in the U.S. market. Legal marijuana was a \$10.4 billion industry in the U.S. in 2018.⁵ The U.S. market for legal cannabis sales is projected to earn as much as \$23 billion by 2025⁶ and the total addressable market for direct cannabis sales in the U.S. today is estimated at \$45-50 billion if every state legalized full adult recreational consumption.⁷ By 2030, the size of the U.S. cannabis market is projected to be approximately \$63 billion.⁸

MarketsandMarkets Research Private Ltd. found that the 2018 U.S. legal cannabis market was worth an estimated \$10.3 billion, and forecasts the legal cannabis market to grow to approximately \$39.4 billion by 2023 with a compound annual growth rate (CAGR) of 30.7%.⁹ New Frontier Data, a data analytics firm, projected that the medical market will grow at a CAGR of 11.8% through 2025, growing from \$5.1 billion in 2017 to an estimated \$12.5 billion in 2025. During the same period, the firm projects that the adult-use market will grow at a CAGR of 18.4%, growing from \$3.2 billion in 2017 to \$12.5 billion in 2025 (through projections based on the markets having passed medical and adult-use legalization initiatives as of January 2018, but

¹ Ripley, Eve. (2017 March 7). 95% of U.S. population lives in states where some form of marijuana is legal, finds report. Retrieved from <https://news.medicalmarijuanainc.com/95-u-s-population-lives-states-marijuana-legal-finds-report/>. Subject to some states with only "limited medical marijuana" legalization and no comprehensive law authorizing the use.

² Quinnipiac University. (2019 March 6). U.S. Voters Oppose Trump Emergency Powers On Wall 2-1 Quinnipiac University National Poll Finds; 86% Back Democrats' Bill On Gun Background Checks. Retrieved from <https://news.medicalmarijuanainc.com/new-poll-marijuana-legalization-supported-majority-american-voters/>.

³ Judge, Monique. (2019 January 16). Where the (Legal) Weed At? More States Eye Cannabis Legalization. Retrieved from <https://www.theroot.com/where-the-legal-weed-at-more-states-eye-cannabis-leg-1831822535>.

⁴ United States National Conference of State Legislatures (NCSL), “State Medical Marijuana Laws”. Retrieved from <https://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx> on August 7, 2020.

⁵ Associated Press. (December 27, 2018). Legal Marijuana Industry Toasts Banner Year. Retrieved from <https://www.apnews.com/0bd3cdae26c4f99be359d6fe32f0d49>.

⁶ New Frontier Data (2018). <https://americanmarijuana.org/marijuana-statistics/>.

⁷ Marijuana Business Daily. (2017). *Marijuana Business Factbook, 2017*. Available from <https://mjbizdaily.com/wp-content/uploads/2017/05/Factbook2017ExecutiveSummary.pdf>.

⁸ Eight Capital. (2018). What's Going on Down There? A \$63B Market Cannot be Ignored.

⁹ Market Research Report. (2018 November). Cannabis Market by Product Type (Flower, Concentrates), Compound (THC-Dominant, CBD-Dominant, and Balanced THC & CBD), Application (Medical and Recreational), and Region (North America, South America, Europe, and Row) – Global Forecast to 2023. Retrieved from <https://www.marketsandmarkets.com/Market-Reports/cannabis-market-201768301.html>.

not including assumptions for additional states which may yet pass legalization measures before 2025).¹⁰

Currently the Resulting Issuer only operates in the state of California. However, the Resulting Issuer intends to expand into other states within the United States that have legalized cannabis for medical or adult use and into Colombia which has legalized cannabis use medicinally.

Colombia Industry Background and Trends

For the greater part of the last 50 years, Colombia developed comprehensive regulations that took a hardline approach to narcotics and trafficking in response to the growing influence of certain international treaties and the efforts of governments to coordinate their drug policies.

In January 2013, the Advisory Commission on Drug Policy was established to provide recommendations on how legislation should treat criminal networks and citizen drug users, as well as the appropriate quantities to be considered as suitable personal amounts. In July 2014, the commission issued an initial report to the Colombian Ministry of Justice and Law (the “MJL”) analyzing the conditions of drug use in Colombia and proposing guidelines to update the policy.

In May of 2015, the commission published its final report which proposed a review of the drug policy in the country and made certain recommendations, such as: (i) the creation of an agency or drug policy; (ii) measures to help reduce the risk to consumers; (iii) to rethink the fumigation involved with cultivations; (iv) regulation of medical cannabis; (v) alternative means to measure the success of policies against drugs; (vi) modernize the National Statue on Drugs and Psychoactive Substances; and (vii) to leave the global drug policy debate.

As a result of the commission and the final report, the Colombian president approved and sanctioned Law 1787 of 2016 (“**Law 1787**”) in July 2016 which was intended to regulate the use of cannabis for therapeutic purposes. Since this law was enacted, resolutions have been issued that establish: (i) costs for the monitoring and control of licenses granted for the production and fabrication of derivatives of cannabis; (ii) technical regulations in regards to licenses for the production and fabrication of derivatives of cannabis; (iii) technical regulations in regards to licenses for the use of seeds for cultivation and cultivation of psychoactive and non-psychoactive cannabis plants; (iv) the costs for the monitoring and control for the licenses granted for the use of seeds for cultivation and cultivation of psychoactive and non-psychoactive cannabis plants; and (v) the regulation of the small and medium-sized national farmers of medicinal cannabis plants.

In conjunction with legalizing the use of marijuana, the Colombian government has embraced a model of licensing producers and distributors to manage the industry rather than issuing cards to consumers.¹¹ It is estimated that there are currently about 400,000 Colombian patients with conditions that can be treated with medical marijuana use.¹² Additional research is being done

¹⁰ Globe Newswire. (2018 April 20). New Frontier Data Projects U.S. Legal Cannabis Market to Grow to \$25 Billion by 2025. Retrieved from <https://globenewswire.com/news-release/2018/04/20/1482418/0/en/New-Frontier-Data-Projects-U-S-Legal-Cannabis-Market-to-Grow-to-25-Billion-by-2025.html>.

¹¹ Marijuana Doctors – Colombia. (December 28, 2018). Retrieved from <https://www.marijuanadoctors.com/international-patients/colombia/>.

¹² *Ibid.*

collaboratively by the Colombian government, the private sector, and health professionals on how medical marijuana can further help treat Colombia's 5.6 million medical patients.¹³

Colombia is also poised to be a major legal exporter of cannabis to countries around the world largely due to the fact that Colombia sits near the equator, giving it 12 hours of daily sunlight year-round. The country also boasts affordable land, relatively low wages and a highly skilled agricultural workforce.¹⁴ Given these advantages, Colombia is experiencing one of the most rapidly growing cannabis industries in the world. The Colombian Cannabis Industry Association reports that its member companies have invested more than \$600 million in building medical marijuana facilities to date¹⁵ over the 2,000 to 7,000 hectares of land composing the country's potential cultivation area.¹⁶

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 General Business of the Resulting Issuer

4.1.1 Ikänik Farms

Ikänik Farms is a California-based, integrated multi-national cannabis and consumer goods operator in the regulated cannabis industry with licensed cultivation, manufacturing, distribution and retail facilities focused on building and supporting the U.S. recreational, European and Latin American medicinal market through its wholly owned subsidiary Pideka in Colombia, with a portfolio of California craft cannabis products.

Headquartered in Corona, CA, Ikänik Farms cultivates flower, processes and manufactures its own brands of cannabis products and third-party products which it wholesales through its distribution company, Blunt Brothers, to licensed retailers across California and to its own growing chain of retail cannabis stores named Ikänik Farms®.

Ikänik Farms operates through its direct and indirect subsidiaries Ikänik Subco (cultivation and retail), Blunt Brothers (distribution), Cannus (administration), Designs (Intellectual Property), International and THCA (cultivation), Life (consumer products) and Pideka (cultivation and manufacturing).

Ikänik Farms is operated by an executive team that has significant experience in the cannabis industry and a robust operational track record. Ikänik Farms' retail team brings over 20 years of lifestyle industry, branding and customer first experience to deliver "California Cannabis" as its intended, with open arms and an inclusive attitude, while delivering measurable results. Ikänik Farms has 25 full time-equivalent employees as of March 2021.

Ikänik Farms operates and integrates its business units to control the quality of its products, capture margin across the supply chain and to manage its brands. This foundation provides a blueprint for accelerating the build-out of Ikänik Farms' brand and products to new domestic markets and internationally. As a vertically integrated company, shareholders have significant exposure to the entire cannabis value chain.

¹³ Newswire. (2019 August 20). Khiron Secures Exclusive Endorsement from The Colombian Association of Gerontology and Geriatrics. Retrieved from <https://www.newswire.ca/news-releases/khiron-secures-medical-cannabis-endorsements-from-two-of-the-largest-medical-associations-in-colombia-685116281.html>.

¹⁴ NPR (2019 September 7). Colombia Is Turning Into A Major Medical Marijuana Producer. Retrieved from <https://www.npr.org/2019/09/07/757292830/colombia-is-turning-into-a-major-medical-marijuana-producer>.

¹⁵ *Ibid.*

¹⁶ Health Europa (2019 September 11). The medical cannabis industry can help boost employment in Colombia. Retrieved from <https://www.healtheuropa.eu/cannabis-employment-colombia/93269/>.

Ikänik Farms is positioned to be a long-term, efficient cannabis product supplier and finished ingredient producer. Ikänik Farms plans to build and expand on its “seed to sale” integration framework to compete globally in a price compressed supply chain while maintaining margins.

History and Key Milestones

Date	Event/Milestone
April 2018	Ikänik Farms Inc. was formed
August 2018	Acquired 100% of the outstanding shares of Blunt Brothers and Ikänik Subco (Nevada) via the Securities Exchange Agreement
September 2018	Closed Ikänik Farms 2018 Private Placement
November 2018	Secured exclusive dispensary lease at the National Orange Show Event Center in San Bernardino, California (lease costs of \$18,700 per month)
December 2018	Initiation of the integration of Microsoft Dynamics NAV across the business units
January 2019	Blunt Brothers received its BCC Adult-Use and Medicinal – Distributor Temporary License
March 2019	Completed the THCA Acquisition (subject to the satisfaction of the THCA Longstop Provision)
April 2019	Secured lease in Adelanto, California to build and operate the Adelanto Facility (lease costs of \$22,600 per month)
May 2019	Closed Ikänik Farms 2019 Private Placement
June 2019	Opened Sacramento, California office for regulatory compliance, legal, government relationships and market development
June 2019	Blunt Brothers received its BCC Adult-Use and Medicinal – Provisional License
July 2019	Opened Corona, California head office (lease costs of \$13,757 per month)
August 2019	Acquired licenses and lease for a dispensary and lounge in Palm Springs, California
August 2019	Entered into a purchase agreement for Pideka
August 2019	Acquired a retail dispensary, lounge license and property lease in Palm Springs, CA from High End LLC
September 2019	Life is incorporated to develop and market CBD wellness consumer products
September 2019	Pideka commenced planting for GMP certification
October 2019	Blunt Brothers received its City of San Bernardino, California cannabis operating permit
December 2019	Blunt Brothers commenced distribution operations

January 2020	Pideka obtained GMP-PHARMACEUTICAL certification for its cultivation and manufacturing facility
February 2020	Completed the acquisition of Pideka
February 2020	Closed Ikänik Farms 2020 February Private Placement
April 2020	Closed Ikänik Farms 2020 April Private Placement
June 2020	Closed Ikänik Farms 2020 June Private Placement
July 2020	Pideka completes first commercial sale and R&D sale for cannabis oil
September 2020	Closed Ikänik Farms 2020 September Private Placement
November 2020	Closed Ikänik Farms 2020 November Private Placement
December 2020	Completed the D9C Acquisition (subject to the satisfaction of the D9C Longstop Provision)
January 2021	Pideka obtained ISO 9001:2015 Certification
January 2021	Pideka received its import permit for THC oil from Mexico Foreign Service

During the 12-month period following the completion of the Reverse Take-Over, Ikänik Farms expects to operate its vertically integrated approach for the sale and distribution of cannabis and cannabis-related products aligned under its brand name “Ikänik Farms”. Ikänik Farms expects to advance the following initiatives:

- Complete the build-out and licensing for a retail delivery and distribution facility in Benicia, in California (the “**Benicia Build-Out**”);
- Complete and commission the THCA facility in Sacramento, California (the “**Sacramento Build-Out**”);
- Complete and commission the Pideka facility #7 in Bogotá Colombia (the “**Pideka Build-Out**”);
- Distribute cannabis and cannabis-related products to our Ikänik Farms dispensaries and third-party dispensaries across California; and
- Increase proprietary branded sales through the development and marketing support of house brands and product extensions.

These milestones are dependent upon:

- New facility operations being on-time and on budget for cultivation and manufacturing, distribution capacity and retail openings;
- Successful hiring of key personnel to support execution of scale and profitable growth initiatives;
- Continued execution of the business model for the current outlined projects and maintaining sufficient funding;

- Regulatory approval being received in a timely manner from state and local regulatory agents;
- With respect to the cannabis flower production and distillate manufacturing estimates, all of the square footage of each facility being allocated as planned to the production of cannabis flower and distillate manufacturing;
- Industry-wide regulatory changes being favorable to the business of Ikänik Farms.

The following table outlines the capital requirement to achieve the stated milestones:

Milestones	Estimate Cost	Projected Timeline from Listing Statement
Complete Benicia Build-Out	\$350,000 ⁽¹⁾	2-5 months
Complete Sacramento Build-Out	\$1,250,000	2-4 months
Complete Pideka Build-Out	\$370,000	1-3 months
New Product Supply and Development	\$50,000	1-2 months
Total	\$2,020,000	
Note: (1) The costs cover interior building design, interior and exterior renovations, upgrades HVAC, warehouse equipment etc.		

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer will require additional funds in order to fulfill all its expenditure requirements to meet its business objectives and may either issue additional securities or incur debt. There can be no assurance that additional funding required by the Resulting Issuer will be available, if required.

Use of Available Funds

Based on the working capital position of CIVC and Ikänik Farms as at February 28, 2021, being approximately \$(114,000), the following table sets forth the estimated working capital and amounts and sources of other funds of the Resulting Issuer as of the date hereof:

Source of Funds	Amount (\$)
Consolidated Working Capital of CIVC and Ikänik Farms as at February 28, 2021	\$(114,000)
Ikänik Farms 2021 March Private Placement ⁽¹⁾	\$2,731,185
TOTAL AVAILABLE FUNDS	\$2,617,185

Note:

- (1) See the heading “*Ikänik Farms 2021 March Private Placement*” under Section 3.1.2 “*General Development of the Business – Ikänik Farms*” of this Listing Statement for further details of the private placement.

Management anticipates using the available funds as stated in the following manner over the next 12 months (or other specified period).

Use of Available Funds	Amount (\$)
Delivery Renovations for the Benicia Build-Out (over next 5 months)	\$350,000
Aggregate Cultivation Build-Out (includes the Sacramento Build-Out and the Pideka Build-Out)	\$1,620,000
New Product Supply and Development	\$50,000
General & Administrative Expenses	\$210,000
<i>Consulting Fees</i>	<i>\$10,000</i>
<i>Audits</i>	<i>\$50,000</i>
<i>Corporate Marketing</i>	<i>\$50,000</i>
<i>Legal and Regulatory Filings/Fees</i>	<i>\$100,000</i>
Remaining Working Capital	\$387,185
TOTAL	\$2,617,185

United States

Cultivation

Ikänik Farms offers a selection of craft cannabis flower strains, under its brand name Ikänik Farms and other house of brand labels satisfying the high demand for California, craft cannabis. Ikänik Farms has facility developments underway in:

- Sacramento, CA – Ikänik Farms has under development to realize revenue in Q3, 2021, a 10,000 square foot greenhouse cultivation facility which has a city permit and holds a local conditional use permit for cultivation, manufacturing and distribution (the “**Sacramento Facility**”).
- Adelanto, CA – Ikänik Farms has under development to realize revenue in Q4, 2021, a 27,000 square foot greenhouse space and holds City Type B cultivation permit (the “**Adelanto Facility**”). Situated on 6 acres of land in the northwest part of Adelanto, the Adelanto Facility site is aptly located due to its logistical proximity to I-15, Adelanto’s commercial airport, supporting future logistical needs.

Manufacturing

Adelanto, CA – Ikänik Farms holds an adult-use city permit for cannabis volatile manufacturing and future application for State Type 7 volatile manufacturing and permitting at the Adelanto Facility.

Sacramento, CA – In Q4, 2019, Ikänik Farms, through THCA, filed an application for state and city Type 6 nonvolatile manufacturing at the Sacramento Facility.

Distribution

San Bernardino, Ca. – Ikänik Farms, through its wholly owned operating subsidiary, Blunt Brothers operates a 5,500 square foot licensed distribution facility where its warehouses, packs,

processes and ships, using a fleet of specialty outfitted vehicles, finished cannabis products across a variety of product categories and wholesales third party cannabis products and its own brand products through an in-house sales and marketing team to up to 180 dispensaries across California. The company seeks to improve retail acquisition by offering a large breadth and depth of licensed craft brands with well-developed point of sale support services, promotional opportunities and marketing programs.

Blunt Brothers also sells co-packing and fulfillment services to third party licensed companies that sell cannabis flower products to licensed dispensaries in California.

Dispensary

Ikänik Farms, through its in-house real estate, market development and government affairs teams, is targeting to open organically and through acquisitions of operating licenses and/or operating dispensaries, 12 Ikänik Farms dispensaries and delivery service locations across California over the next 36 months.

Ikänik Farms has an active pipeline of more than 45 markets across California that are expected to move towards adult-use legalization within the next 12-30 months and notably in:

- Palm Springs, CA – Ikänik Farms has a 5,100 square foot licensed dispensary and lounge under development which is expected to open the dispensary by the end of Q2, 2021.
- Benicia, CA – Ikänik Farms has a lease and a 4,560 square foot facility under development and applied for conditional use permit from the City of Benicia for delivery, distribution and nonvolatile manufacturing on November 24, 2020 and expects to commence delivery services in Q3, 2021.

Notwithstanding the foregoing, there will be circumstances where, for sound business and or regulatory reasons, a reallocation of funds for other locations may be necessary for the Resulting Issuer to achieve its objectives.

Ikänik Farms retail dispensaries will offer a premium, boutique shopping experience. By integrating elements of the outdoors and natural light with premium décor and soothing audio encompassing the Ikänik retail experience, management believes this will increase consumer confidence that drives customer loyalty, transaction size and purchasing frequency. Ikänik Farms will later accompany the retail dispensary with a “California vibe”, welcoming social lounge open for consumption when the effects of COVID-19 have been mitigated to an extent that Ikänik Farms feels is safe enough, and compliant with local laws, to open. Each store will feature a deep assortment of Ikänik Farms cannabis products and non-cannabis related products that crosses over into active outdoor lifestyles.



Brands

Ikänik Farms develops and manufactures a growing number of branded cannabis products, including Ronen, Essentials, Kaen, Rations and Rations Lite, which support Ikänik Farms' commitment to full-margin capture, long term sustainable value creation and brand segmentation. It holds trademarks and trademark registrations for its flagship brand Ikänik Farms® which took root from the California cultivation culture and is associated with outdoor actions sports, health and wellness, evoking an authentic California lifestyle by providing consumer with consistent high-quality craft cannabis "fire" provided by California growers.

Ikänik Farms designs in-house cannabis brands across a variety of product categories including flower, pre-rolls, and will be extending edibles and concentrates which it will wholesale through its distribution business to dispensaries, maximizing profitability across its platform. These brands are individually supported with a social media presence, packaged and priced to comparatively offer higher consumer value and quality.



Ikänik Farms, through its operating subsidiary, Life, designs, develops and markets non cannabis flower touching CBD lifestyle brands (Pideka, Ikänik, Alma Natural, Encanta, Kaen Life and Kahlo) in topicals, tinctures and edibles, that continue to support Ikänik Farms' commitment to full margin capture, long term sustainable value creation and brand segmentation. Life has supply agreements for CBD isolates, oil and packaging.



Colombia

Through its wholly-owned subsidiary, Pideka, Ikänik Farms has a federal cultivation license in Tocancipa, Colombia and is under development for full completion by Q3, 2021, a 48,000 square foot indoor cultivation facility which is scalable to 400,000 square feet which holds licenses for nonvolatile and volatile extraction manufacturing, and distillate production.

Ikänik Farms also holds rights in:

- Tenjo, Colombia, to 26 hectares of land for greenhouse cultivation, scalable to 1.9 million square feet which holds licenses for nonvolatile and volatile extraction manufacturing, distillate production and finished product manufacturing;
- Sisga, Colombia, to 100 hectares of land for greenhouse cultivation, scalable to 2 million square feet; and
- Los Lianos, Colombia, to 1,200 hectares of land for greenhouse cultivation.

Business Process

Ikänik Farms has integrated the Microsoft ERP system, with a business intelligence reporting interface that can be deployed globally as a unified data platform across Ikänik Farms' business units. Ikänik Farms will begin internal data collection in its cultivation, distribution and retail environments, to monitor and increase operating efficiencies and deploy resources to meet the needs of its consumers, suppliers, business and investors.

Ikänik Farms has comprehensive operating procedures, which are compliant with the rules set forth by the BCC and all other applicable state and local laws, regulations, ordinances, and

other requirements. These procedures ensure strict control over Ikänik Farms' cannabis and cannabis supply chain from cultivation or manufacture to sale and delivery to a licensed dispensary, distributor or manufacturer, or disposal as cannabis waste. Such operating and management procedures also include measures to prevent contamination and maintain the safety and quality of the products cultivated, manufactured or distributed.

Material Leases or Mortgages

United States

	Distribution	Distribution	Cultivation	Cultivation	Retail – NOS	Retail – Palm Springs	Office
Location	San Bernardino, CA	Benicia, CA	Adelanto, CA	Sacramento, CA	San Bernardino, CA	Palm Springs, CA	Corona, CA (#537 and #531)
Start Date	July 1, 2019	November 1, 2019	May 1, 2019	September 1, 2020	June 1, 2019	July 1, 2019	June 1, 2019 and July 1, 2019
End Date	N/A ⁽¹⁾	October 31, 2024	August 31, 2021 ⁽²⁾	March 1, 2022	June 1, 2024	June 30, 2029	May 31, 2024 and June 30, 2024
Square Footage	5,500	4,560	37,750	7,728	4,500	4,000	3,413 and 3,648
Per Square Foot Rate	\$2.00	\$2.55	\$0.60	\$2.45	\$4.16	\$0.50	\$2.00 and \$1.90
Common Area Rate	N/A	\$0.17	N/A	N/A	N/A	N/A	\$0.60 and \$0.37
Option Rate per Square Foot	N/A	3.10	\$0.60	N/A ⁽⁶⁾	Pursuant to Consumer Price Index	Pursuant to Consumer Price Index	\$2.25 each
Option Period	Open	One Five Year	One two-year period	One eighteen-month option	One five-year period	Two ten-year periods	Two five-year periods each
Monthly Lease Amount ⁽⁵⁾	\$11,000	\$12,389	\$22,600	\$19,000	\$18,700	\$2,000	\$6,826 and \$6,931.20

Notes:

- (1) Month-to-month.
- (2) Termination upon 90 days' notice.
- (3) Two-year abatement.
- (4) Average for the two leases.
- (5) Current rates. Rates have varying annual increase of no more than 5%.
- (6) Option to purchase for \$1,300,000.

Colombia

	Centro Empresarial Oikos Warehouse 1	Centro Empresarial Oikos Warehouse 2	Centro Empresarial Oikos Warehouse 3	Centro Empresarial Oikos Warehouse 4	Centro Empresarial Oikos Warehouse 7

Location	Colombia	Colombia	Colombia	Colombia	Colombia
Start Date	February 15, 2019	February 14, 2019	May 14, 2019	March 30, 2019	October 30, 2019
End Date	February 14, 2022	February 13, 2022	May 13, 2022	March 29, 2022	October 29, 2022
Square Footage	10,000	10,000	10,000	10,000	10,000
Per Square Foot Rate	\$0.33	\$0.31	\$0.33	\$0.36	\$0.29
Common Area Rate	N/A	N/A	N/A	N/A	N/A
Option to Purchase	\$705,882	\$705,882	\$705,882	\$632,353	\$705,882
Option Period	Open	Open	Open	Open	Open
Monthly Lease Amount	\$3,293.00	\$3,098.00	\$3,293.00	\$3,566.00	\$2,893.00

Specialized Skill and Knowledge

The cannabis industry requires access to employees with specialized skills and knowledge in order to maximize harvest quality and yield, in addition to having the capacity for developing new varieties. Product formulation and product manufacturing each require their own specific sets of specialized skill and knowledge to ensure maximization of yields and quality from extraction and to create consistent, high quality products. Each of these operations requires extensive knowledge and understanding of the applicable state and country regulatory landscape to ensure compliance with all local, state and country laws and regulations.

Ikänik Farms cultivation facilities are designed to utilize advanced cannabis cultivation techniques and automation to produce high quality cannabis in an efficient, safe and low-cost manner. Throughout the cultivation process, data collection will be used to produce analytics and provide insights into the operation's performance from an efficiency perspective. With each subsequent grow cycle, Ikänik Farms will use gained insights to incrementally adapt and increase yields and reduce costs.

Ikänik Farms' leadership is knowledgeable in all the cannabis products available in the United States and Colombian markets. Ikänik Farms conducts ongoing training to ensure compliance with all laws and regulations. The management team also has significant professional expertise in distribution, retail, cultivation, sales, technology, marketing, data science, finance, customer service, human resources, consumer packaged goods, business development, acquisitions, capital markets and market analysis. The management team includes executives with many years of experience in their respective fields.

Ikänik Farms' employees are talented individuals with a wide range of educational achievements and work experiences. In addition to Ikänik Farms' internal resources, there is a broad market of skilled employees with cannabis knowledge and experience in California and Colombia to facilitate growth of the labor force.

Intellectual Property

Ikänik Farms holds the following trademarks and applications:

United States (Federal)

1. "IKÄNIK FARMS": successfully registered for Class 25
 - a. IC 025: coats, hats, jackets, pants, sweat shirts, t-shirts, graphic t-shirts, hooded sweat shirts, short-sleeved or long-sleeved t-shirts
2. Prior logo: successfully registered for Class 25
 - a. IC 025: coats, hats, jackets, pants, sweat shirts, t-shirts, graphic t-shirts, hooded sweat shirts, short-sleeved or long-sleeved t-shirts
3. New logo: pending application for Class 25
 - a. IC 025: coats, hats, jackets, pants, sweat shirts, t-shirts, graphic t-shirts, hooded sweat shirts, short-sleeved or long-sleeved t-shirts
4. "Enjoy the High": pending application for Class 16, 18, 25, 26, 34
 - a. IC 016: notepads or stickers
 - b. IC 018: shoulder bags, tote bags or backpacks
 - c. IC 025: shirts, t-shirts, hooded sweaters, windbreakers, vests, hats, beanies, visors, socks, shorts, pants or overalls
 - d. IC 026: buttons, namely or pin-back buttons
 - e. IC 034: lighters

California (State)

1. "IKÄNIK FARMS": successfully registered for Class 05, 31, 34
 - a. IC 05, 31, 34: cannabis flower, cannabis concentrates (including extracts) and cannabis oil cartridges

Canada (Federal)

1. "IKÄNIK FARMS": Pending application for Class 25, 29, 34
 - a. IC 25: t-shirts, graphic t-shirts, short-sleeved t-shirts, long-sleeved t-shirts, sweat shirts,
 - b. hooded sweat shirts, coats, jackets, pants or hats.
 - c. IC 29: cannabis oil, cannabis flower and cannabis oil used in food.
 - d. IC 34: dried cannabis, cannabis oil for electronic cigarettes and cannabis oil cartridges
2. New Logo: Pending application for Class 25, 29, 34
 - a. IC 25: t-shirts, graphic t-shirts, short-sleeved t-shirts, long-sleeved t-shirts, sweat shirts, hooded sweat shirts, coats, jackets, pants or hats
 - b. IC 29: cannabis oil, cannabis flower and cannabis oil used in food.
 - c. IC 34: dried cannabis, cannabis oil for electronic cigarettes and cannabis oil cartridges

Extent to Which Business is Cyclical

The major stages in the cannabis cultivation process are cloning, vegetation, flowering, curing and trimming. The entire process lasts from 100 to 130 days. However, cultivation operations that will be operated by Ikänik Farms can be intentionally staggered such that plants are ready for harvest every 30 days. Therefore, Ikänik Farms’ cultivation facilities will be expected to produce cyclical cash flows based on the aforementioned growing cycle.

Impact of Environmental Protection Requirements

The operations of Ikänik Farms are subject to environmental regulation in the various jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Ikänik Farms’ operations.

Government environmental approvals and permits are currently required in connection with Ikänik Farms’ operations. To the extent such approvals are required and not obtained, Ikänik Farms may be curtailed or prohibited from its business activities or from proceeding with the development of their operations.

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

Ikänik Farms has a fulltime Director of Compliance who monitors, oversees, implements and manages all government compliance requirements across Ikänik Farms’ operations. Any environmental protection requirements are not expected to have any material financial or operational effects on the capital expenditures, earnings and competitive position of Ikänik Farms.

Number of Employees

Ikänik Farms has 25 full-time equivalent employees.

Department	Number of FTE Employees
Executive Operations	3
Finance and Accounting	3
Distribution	5
Cultivation	2
Real Estate and Property Management	2
Government Affairs and Compliance	2

Sales	7
Marketing	2

Ikänik Farms' subsidiary Pideka has 22 full-time equivalent employees in Colombia. There are no aspects of the Ikänik Farms' business that are reasonably expected to be affected in the current and next financial year by renegotiation or termination of any contract or subcontract.

Foreign Operations

Ikänik Farms has operations in the cannabis industry in Colombia. Significant funds are required to build operations, purchase equipment to be leased, hire and retain staff. Ikänik Farms is reliant upon its California management team and the management team of Pideka to continue to build out its operations. See the "Risk Factors" set out in Section 17 of this Listing Statement for a discussion of the risks associated with Ikänik Farms' Colombian operations.

Ikänik Farms has not commenced operations in the cannabis industry in Mexico.

Emerging Markets Disclosure

The following Section is prepared with regard for section 4 of CSE Policy 4 – *Corporate Governance and Miscellaneous Provisions*.

Business and Operating Environment

1. *What role does the foreign government and regulatory authorities have in the foreign operations?*

In order to regulate the activities that had become legal by means of Law 1787, the MJL, the Ministry of Health and Social Protection (the "**MHSP**") and the Ministry of Agriculture and Rural Development (the "**MARD**") issued Decree 613 of 2017 whereby they defined the different types of licenses that may be granted in respect of permissible activities related to medical cannabis including: (i) production of cannabis derivatives; (ii) use of seeds for planting; (iii) planting of psychoactive cannabis plants; and (iv) planting of non-psychoactive cannabis plants. The decree also set out the requirements and criteria for the assignment of quotas for psychoactive cannabis plant cultivation and cannabis by-product manufacture in favor of holders of licenses and other related activities.

In addition, the MJL enacted Resolutions 577, 578 and 579 whereby it regulates the cultivation of non-psychoactive and psychoactive plants and the MHSP enacted Resolutions 2891 and 2892 in order to regulate the production and/or fabrication of cannabis derivatives. However, by means of Decree 2106 of 2019, the powers that the MHSP had in relation to the issuance and monitoring of cannabis manufacturing licenses were assigned to the National Institute of Drugs and Food Surveillance ("**INVIMA**").

The main authorities that interact in this regulatory framework are:

- the MJL – responsible for the issuance of the psychoactive and non-psychoactive cultivation licenses;
- INVIMA – the competent authority for the issuance of manufacturing licenses;
- the National Narcotics Fund – carries out the administrative and operational control of cannabis-related activities; and

- the National Agriculture Institute – controls the production, import and export of selected seeds and carries out the registration of agronomical evaluation units and selected seed producers.
- 2. *Have restrictions or conditions been imposed, or can they be imposed, by the foreign government and regulatory authorities on the company's ability to operate in the foreign jurisdiction?*

To the knowledge of the Resulting Issuer, no restrictions or conditions have been imposed by the foreign government and regulatory authorities on the ability of Pideka to operate in Colombia.

- 3. *Who in the company manages the relationship with the foreign government and regulatory authorities?*

The relationship with the foreign government and regulatory authorities is managed by Brian Baca, Chief Executive Officer of the Resulting Issuer, and Borja Sanz de Madrid, director of the Resulting Issuer, in consultation with local legal counsel.

- 4. *What is the legal environment of the foreign jurisdiction? How does the legal system operate and how may it impact the company?*

Colombia is a democratic, unitary, and decentralized republic. It has a population of more than 49 million and it is territorially divided into 32 departments. The departments are divided into districts, municipalities and indigenous territories that have political, fiscal and administrative autonomy within the limits set by the political constitution and the law.

Being a unitary republic, Colombia's president is the head of state, head of government and supreme administrative authority. Colombia's central government is in charge of regulating matters that are of relevance for the nation as a whole, including defense, commerce, taxation, customs, banking, natural resources and foreign affairs, among others.

The autonomy of its territorial entities is mainly embodied in their capacity to elect their local officials and regulatory bodies, manage their own funds and regulate certain tax rates that pertain to their scope according to national tax law.

Colombia is a civil law jurisdiction, a business established in Colombia will be bound by national laws and local regulations.

Additionally, Colombia currently has a free trade agreement (FTA) and is a party to several international investment agreements (IIAs) presently in force with Canada.

Please also refer to Response #1 under "Business and Operating Environment", above, Response #5 and Response #7, below. See the heading "Colombia Industry Backgrounds and Trends" under section 3.3 "Trends, Commitments, Events or Uncertainties" of this Listing Statement.

- 5. *What regulatory requirements is the company or its business or operations subject to in the foreign jurisdiction?*

Pursuant the Colombian Commercial Code of 1853 and Law 222 of 1995, all companies are required to: (i) be registered in the Colombian Mercantile Registry; (ii) disclose, on an annual basis, their general-purpose audited financial statements; (iii) appoint a legal representative or general proxy which are not required to reside in Colombia; (iv) if the local company, at

incorporation, will have a controlling shareholder, or if the foreign investor establishing a branch has a controlling shareholder, the incorporator will be required to register the control group or group of companies situation at incorporation; and (v) if the company is acquired and will have a controlling shareholder, the control group of companies situation must be registered before the chamber of commerce within 30 days following the acquisition.

Along with the companies' regulation, a cannabis company must comply with the regulatory framework mentioned in Response #1 under Business and Operating Environment, above. The company must: (i) obtain a cannabis license depending on the activity the company will carry out as mentioned above; (ii) if the company has a psychoactive license, the company must obtain crop quotas from the MJL; and (iii) register as "Selected Seed Producer" depending on the cannabis operations it plans to undertake.

6. *Does the board have access to relevant expertise to ascertain the political, legal and cultural realities of the jurisdiction where the company's principal business operations are located, and the impact they may have on the company's business or operations?*

Ikänik Farms has engaged legal and technical professional advisors with the relevant expertise to provide assistance to the Resulting Issuer Board with respect to the political, legal and cultural realities of Colombia. The Resulting Issuer Board will continue to have access to those professional advisors and may seek additional advisors in the future.

7. *What are the banking customs in the foreign jurisdiction? How do they differ from Canadian customs?*

Colombian banks undertake stringent KYC procedures on clients, potential clients and account holders, depending on the bank's policies.

In general, Colombian banks are currently reluctant to open bank accounts to cannabis companies. Furthermore, Colombian banks have refrained from converting foreign currency in Colombian Pesos or from receiving funds coming from or to cannabis companies. Although Colombian banks have opened bank accounts in the past to cannabis companies, banks have been closing these accounts and reimbursed the funds available in them to the corresponding account holder.

To the knowledge of the Resulting Issuer, the majority of Colombian banks have intermediaries in the United States of America.

8. *Are there any restrictions on the company's ability to transfer and/or verify the existence of funds in bank accounts located in foreign countries?*

To the knowledge of the Resulting Issuer, there are no restrictions on the Resulting Issuer's ability to transfer foreign currency and verify the existence of funds in bank accounts located in foreign countries. However, in order to carry out these operations, there are several administrative requirements established by Resolution 1 of 2018, Resolution 1, 2019 and DCIN 83 of the Bank of the Republic (Colombia) (the "**Central Bank**").

9. *What are the impacts of local laws and customs on ownership and rights to property?*

In relation to foreign ownership and investment, the Colombian foreign investment regulation aims to promote economic and social development and a balanced foreign exchange. Foreign investment in Colombia is regulated by Law 9 of 1991, Decree 1068 of 2015 (second Book, Part 17, Titles 1 and 2) modified by Decree 119 dated January 26, 2017, External Resolution 8 of 2000 and Regulatory External Circular DCIN-83 (Ch. 7).

Foreign investment regulation is governed by the “equal treatment” principle. Thus, other than the obligation to register the investment before the Central Bank, foreign investment cannot be treated differently or any more stringently than national investments, and no advantages will be granted to one over the other. Moreover, if the investment is lawfully registered, the foreign investor will be entitled to remit abroad the profits from the investment and to reimburse the invested capital, interest and capital gains. Consequently, foreign investors are allowed to invest in all industries, including cannabis. The only exceptions are matters of national security and defense, and of processing and disposal of toxic, hazardous and/or radioactive waste, where foreign investment is not permitted.

Foreign investors must have a proxy in Colombia, and are required to register their initial and additional investments before the Central Bank. Direct investments in foreign currency will be registered automatically by filing a form known as the minimum information and data form required for exchange operations verifying that the investment was channeled through the exchange market, being the local banks. Changes in the holder, purpose or company beneficiary of the investment have to be registered within six (6) months following the relevant change. Failing to register the foreign investment in a timely and appropriate manner constitutes an exchange offense punishable by a fine of up to 200% of the amount of the non-registered investment. The amount is reduced to 70% if the offender admits its liability. Other financial penalties are imposed if foreign exchange regulations are not followed.

Pideka does not own real estate property in Colombia and, while the cannabis licenses it owns refer to land located in Bogotá, Colombian cannabis regulation does not require that the licensee be the owner of the land to which the cannabis licenses refer so long as the licensee has a right to use of the land.

10. Who are the major suppliers and customers? How did the company establish relationship with them? Are these entities, or their executive officers or directors, related to the company or its officers?

The Resulting Issuer does not presently maintain relationships with any suppliers or customers in Colombia. The Resulting Issuer anticipates establishing relationships with its customers through the work of its internal team or with the assistance of affiliates.

11. How frequently do Canadian board members and management visit operations in the foreign jurisdiction?

Following completion of the Reverse-Take-Over, it is anticipated that the Resulting Issuer’s Canadian board members and management will visit Pideka’s operations at least once per year. Borja Sanz de Madrid is a resident of Bogotá, Colombia and visits Pideka’s operations on a regular basis.

12. Where are the company’s books and records located and are there any access restrictions?

Pideka maintains a registered and head office address in Colombia and its books and records will be maintained in Colombia. To the knowledge of the Resulting Issuer, there are no access restrictions.

13. Will an investor’s ability to exercise and enforce statutory rights and remedies under Canadian securities law be impacted by the fact that all or substantially all of the issuer’s assets are primarily located in a foreign jurisdiction?

Not applicable. Neither all nor substantially all of the Resulting Issuer's assets are located in Colombia.

Language and Cultural Differences

1. *Does the composition of the board provide the appropriate level of knowledge and expertise in the language and cultural practices of the emerging market?*

Borja Sanz de Madrid has experience in the cannabis space in Colombia and possesses the appropriate level of knowledge and expertise of cultural practices of Colombia.

2. *Is any board member fluent in the foreign language or does the board have access to an independent translator to overcome any language differences?*

Borja Sanz de Madrid is fluent in Spanish. In addition, Ikänik Farms has engaged Colombian counsel who can translate to Spanish as necessary.

3. *How frequently should the board members visit the operations in the emerging market and meet with local management?*

Please refer to Response #11 under "Business and Operating Environment", above.

4. *Has the board engaged with local management to understand the manner in which business is conducted in the foreign jurisdiction?*

Yes, Borja Sanz de Madrid is a member of the Resulting Issuer Board and is the Director of Global Operations of Pideka.

5. *Have the books and records, including key documents such as material contracts or bank documents, been prepared in English or French or appropriately translated?*

To the extent that a non-Spanish speaking director, manager or employee of the Resulting Issuer requires access to a document that is available only in Spanish, Ikänik Farms has engaged Colombian counsel who can translate to Spanish as necessary.

6. *Does the board have access to resources, beyond local management or local directors who are not independent, that can help overcome language and cultural issues?*

Yes, the Resulting Issuer has retained Colombian legal counsel and has access to expertise in cannabis cultivation in Colombia.

Corporate Structure

1. *Has the need for a complex structure been carefully assessed by management, including whether the company's objectives could be achieved through a simpler structure?*

Not applicable. The Resulting Issuer is the sole shareholder of Pideka and management of the Resulting Issuer has concluded that this is the most practical structure for the operation of the business of Pideka.

2. *Is the company's corporate structure consistent with its business model and the political, legal and cultural realities of the jurisdiction where its principal business operations are located?*

The Resulting Issuer's corporate structure is consistent with its business model and the realities of the jurisdiction in which Pideka's primary operations will occur, being Colombia. The directors and management of Pideka will fulfill their duties as directors and managers, respectively, under the oversight of the Resulting Issuer Board within the Canadian corporate governance framework and with the guidance of Canadian legal counsel.

- 3. Does the corporate structure limit or inhibit the ability of the board to oversee and monitor management of the foreign operations?*

The Resulting Issuer's corporate structure will not limit or inhibit the ability of the Resulting Issuer Board to oversee and monitor management of the foreign operations.

- 4. How does the board ensure that information from the local jurisdiction is communicated to the board in a timely manner?*

Borja Sanz de Madrid is a member of the Resulting Issuer Board and is the Director of Global Operations of Pideka and will ensure information is communicated from Pideka to the Resulting Issuer Board in a timely manner.

- 5. Can the Canadian parent company effectively change the board and management of the foreign operating entities?*

The Resulting Issuer will have the ability to change the board and management of the foreign operating entities as the sole shareholder of Pideka.

- 6. Have the risks associated with the company's corporate structure been identified and evaluated? Does management have appropriate controls in place to address those risks?*

Risks associated with the Resulting Issuer's proposed corporate structure have been identified and evaluated. It is management's opinion that the risk is minimal given the requirements of the Colombia laws and the proposed operations of Pideka.

Risk Management and Disclosure

- 1. Does the board have a full understanding of the risks facing the company and how those relate to the overall risk appetite of the company?*

The Resulting Issuer Board has a full understanding of the risks facing the Resulting Issuer and is comfortable with how those relate to the overall risk appetite of the Resulting Issuer.

- 2. Is there a strategy in place to ensure that significant risks related to operations in the emerging market are identified and managed by the board and management?*

The Resulting Issuer Board will actively communicate with its legal counsel in Colombia regularly to monitor the political and the legal environment in which Pideka operates.

- 3. Does the board regularly engage with management to review and update the risk identification and management strategy?*

Going forward, the Resulting Issuer Board intends to review and update its risk identification and management strategy on an as-needed basis.

4. *Does the board ask probing questions and seek confirmations that decisions made by management are consistent with board-approved strategies and the company's overall risk appetite?*

The Resulting Issuer Board will ask probing questions and seek confirmations that decisions made by management are consistent with board-approved strategies and the Resulting Issuer's overall risk appetite.

5. *Does the board obtain confirmation from management that risk exposures are in compliance with established limits?*

The Resulting Issuer Board will obtain confirmation from management that risk exposures are in compliance with established limits.

6. *Do board members take appropriate steps to stay informed of key developments that could increase the company's risk exposure in the emerging market?*

The Resulting Issuer Board will take appropriate steps to stay informed of key developments, including the legal, political and regulatory climate of Colombia, that could increase the Resulting Issuer's risk exposure in Colombia.

7. *Has the board established contacts in the foreign jurisdiction that may assist the board in staying abreast of developments that could impact the company's risk exposure and does the board regularly engage with these contacts?*

The Resulting Issuer Board will have direct access to legal counsel in Colombia. The Resulting Issuer Board intends to communicate with its legal counsel in Colombia regularly to stay abreast of developments that could impact the Resulting Issuer's risk exposure.

8. *Does the board have a clear understanding of the internal controls and processes in place to respond to risk?*

The Resulting Issuer Board will ensure that all members have a clear understanding of the internal controls and processes in place to respond to risk.

9. *Does the board review how disruptions to business operations caused by political, legal and cultural factors in the emerging market were dealt with by management?*

The Resulting Issuer Board will review how disruptions to business operations that may be caused by political, legal and cultural factors in the emerging market were dealt with by management.

Internal Controls

1. *What has management done to determine if the company has the proper internal controls in place to address each of the identified risks, in particular the risks associated with operating in an emerging market?*

Management of the Resulting Issuer will ensure the accounting cycle, payroll administration, operational activities, and financial reporting controls to assess internal control risks and to ensure proper internal controls are in place.

2. *What are the deficiencies and weaknesses in internal controls that have been identified? How material are these deficiencies or weaknesses?*

While the Resulting Issuer Board does not have identified material weaknesses in its processes, there are areas where improved internal controls can be implemented, including lack of segregation of duties and limited accounting and finance personnel.

3. What potential risks flow from the identified deficiencies and weaknesses?

The design or operation of the financial close and reporting process may leave open the possibility that management of the Resulting Issuer, in the normal course of performing their assigned functions, encounter inefficiencies in its efforts to prevent, or detect and correct misstatements on a timely basis.

4. What are the ways that such deficiencies and weaknesses can be remediated?

The Resulting Issuer has identified such areas for improvement and is undertaking a process of increasing controls and personnel surrounding their financial close and reporting process to ensure a more efficient series of internal controls.

5. Does management have a plan and timeframe for the remediation? Does the plan include immediate/ interim steps to manage the risks that have been identified? Is the timeframe proposed by management reasonable?

Not applicable at this time. See response above with respect to deficiencies and weaknesses in internal controls.

6. What is the status of on-going remediation plans?

Not applicable at this time. See response above with respect to deficiencies and weaknesses in internal controls.

7. Are there any interim measures that should be adopted before the remediation is complete?

Not applicable at this time. See response above with respect to deficiencies and weaknesses in internal controls.

8. What are the auditor's views on the company's internal controls?

Not applicable at this time. See response above with respect to deficiencies and weaknesses in internal controls.

Use of and Reliance on Experts

The questions in this section are not applicable. The Resulting Issuer does not currently use or rely on the work of experts in Colombia with respect to Pideka's Colombian operations.

Oversight of the External Auditor

The questions in this section are not applicable. The Resulting Issuer does not currently use or rely on the work of an external auditor in Colombia with respect to Pideka's Colombian operations.

Enforcement of Legal Rights

For a foreign judgment to be enforceable in Colombia, it must be recognized in accordance with the rules contained in Articles 605 through 607 of the General Procedure Code (*Código General*

del Proceso) as applicable, pursuant to which, a demand for an “*exequatur*” (recognition by the Colombian judicial system of a foreign judicial decision) must be filed before Colombia’s Supreme Court.

Article 605 of the General Procedure Code provides for enforcement of judicial decisions by Colombian courts provided that either diplomatic (by treaty) or legislative (by statute or other source of law) reciprocity exists between the Courts of Colombia and the courts of the relevant non-Colombian jurisdiction, and provided that certain additional requirements contained in Article 606 of the General Procedure Code have been met, as set forth below.

If reciprocity were found to exist between Colombia and another jurisdiction, a judgment of that other jurisdiction would be recognized and enforceable in Colombia provided that the following requirements of Article 606 of the General Procedure Code are met:

- (i) the foreign judgment is not related to “*in rem*” rights vested in assets that were located in Colombia at the moment of initiation of the proceeding where the decision was rendered;
- (ii) the foreign judgment does not conflict with the public policy of Colombia, excluding procedural laws;
- (iii) the foreign judgment is final under the laws of the country in which it was obtained and is in full force and effect (*res judicata*), and a duly authenticated and translated, if necessary, copy of such judgment has been presented to the relevant Colombian court;
- (iv) the matter that was adjudicated is not of the exclusive jurisdiction of Colombian courts;
- (v) no proceedings are pending in Colombia with respect to the same cause of action, and no final judgment has been rendered by a Colombian court over the same subject matter, and
- (vi) in the proceedings commenced before the court which issued the foreign judgment, the defendant was served in accordance with the law of such jurisdiction and the proceedings were conducted in a manner that allowed the defendant to present its case.

In order for a foreign arbitral award to be enforceable in Colombia, it must be recognized in accordance with Law 1563 of 2012, Articles 111 through 116, pursuant to which a complaint for the recognition of a foreign arbitral award must be filed before Colombia’s Supreme Court. Law 1563 of 2012 calls for the application of international treaties that have been ratified by Colombia. Colombia is a party to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 10 June 1958) which was approved by Law 39 of 1990, as well as the Inter-American Convention on International Commercial Arbitration which was approved by Law 44 of 1986.

Article 111 of Law 1563 of 2012 provides for the recognition and enforcement of international arbitral awards by Colombian courts, unless the party against whom recognition is being invoked proves that one of the following grounds for negating recognition of the arbitral award contained in Article 112 of Law 1563 of 2012 is present:

- (a) the party against whom the arbitration award was rendered evidences that: (1) at the time of execution of the arbitration agreement such party was affected by some incapacity; or the said agreement is not valid under the law to which the parties have subjected it or, failing any indication thereon, under the law of the country

where the award was made; (2) the party against whom the award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case; (3) the award deals with a difference not contemplated by the arbitration agreement or contains decisions on matters beyond the scope of the submission to arbitration. Nevertheless, if the decisions on matters submitted to arbitration can be separated from those not so submitted, that part of the award which contains decisions on matters submitted to arbitration may be recognized and enforced; (4) the composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties, or, failing such agreement, was not in accordance with the law of the seat of the arbitration; or (5) the award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which that award was made; or

- (b) the competent judicial authority evidences that: (1) according to Colombian law, the issue in controversy is not capable of settlement by arbitration; or (2) the recognition or enforcement of the arbitration award conflicts with the international public order laws of Colombia. If an application for the setting aside or suspension of the award has been made to a competent authority in the seat of the arbitration, the Colombian judicial authority may, if it so considers appropriate, adjourn the decision on the enforcement of the award and may also, on the application of the party claiming enforcement of the award, order the other party to give suitable security.

Proceedings for execution of a money judgment by attachment or execution against any assets or property, or any rights or interest in assets or property located in Colombia, would be, as a general rule, within the exclusive jurisdiction of Colombian courts.

Competitive Landscape

The markets in which Ikänik Farms currently operates are in California and Colombia.

Ikänik Farms' distribution business, Blunt Brothers, competes with Select and Continuum among others and brands that self-distribute to retailers.

The majority of its distribution competitors are self-distributors who are characterized as sub scale operators and have limited brand and product offerings, infrastructure support and access to capital to gain retail shelf space and market share.

As seen over the past ten years in the natural products industry, as the number of retail dispensary locations increase and continuing cycling of new brands and product designs across the state, the industry will consolidate to those distributors who can provide scale, store access and support, leaving self-distributor brands to focus on marketing and product development.

Blunt Brothers offers licensed dispensaries breadth and depth of locally sourced quality tested cannabis and cannabis related products with fair pricing and aggressive marketing support programs developed in-house to drive point of sale activity and delivered face to face by a seasoned team of cannabis customer service and account managers.

Ikänik Farms dispensary stores will compete with local licensed operators across the State including Captain Jack's, Bud and Bloom among others.

Ikänik Farms' wholly-owned brand products compete with Henry's, Select and Floracal, among others.

Well-capitalized out-of-state operators may enter the market through acquisition or organic growth and may be competitors across any one of Ikänik Farms' businesses. Ikänik Farms may face competition from other companies that have greater access to capital markets, are better capitalized and or are mature businesses.

4.1.2 CIVC

Prior to the Reverse Take-Over, CIVC had no active business operations aside from seeking business opportunities. Upon affecting the Reverse Take-Over, the business of CIVC became the business of the Resulting Issuer.

4.1.3 Issuers with U.S. Marijuana-Related Assets

Nature of Involvement

The Resulting Issuer, through its subsidiaries, is directly involved in the production, cultivation, distribution and sale of marijuana in the State of California.

Financial Exposure to U.S. Cannabis-Related Activities

All the Resulting Issuer's operations are in the United States. Therefore, the Resulting Issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities is 100%.

United States Regulatory Environment

Under U.S. federal law, marijuana is currently a Schedule I controlled substance. The Controlled Substances Act categorizes controlled substances into five schedules. A Schedule I controlled substance is defined as a substance that has no currently accepted medical use in the United States, a lack of safety for use under medical supervision and a high potential for abuse.

Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical marijuana under the *Access to Cannabis for Medical Purposes Regulations* ("ACMPR"), and of recreational marijuana under the *Cannabis Act*, S.C. 2018, c. 16 (the "**Cannabis Act**"), marijuana is largely regulated at the state level in the United States. To date, a total of 33 states, plus the District of Columbia, Puerto Rico and Guam, have legalized or decriminalized medical marijuana in some form, and 11 of those states plus the District of Columbia and Guam have legalized recreational marijuana.

In 2013, the federal government sought to provide guidance to enforcement agencies and banking institutions with the introduction of the United States Department of Justice Memorandum drafted by former Deputy Attorney General James Michael Cole (the "**Cole Memo**"),¹⁷ and through the Department of the Treasury Financial Crimes Enforcement Network's ("**FinCEN**") guidance in 2014.¹⁸

The Cole Memo offered guidance to federal enforcement agencies as to how to prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states. Although not legally binding, the Cole Memo assisted in managing the tension between state

¹⁷ U.S. Dept. of Justice. (2013). *Memorandum for all United States Attorneys re: Guidance Regarding Marijuana Enforcement*. Washington, DC: US Government Printing Office. Retrieved from <https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>.

¹⁸ Department of the Treasury Financial Crimes Enforcement Network. (2014). *Guidance re: BSA Expectations Regarding Marijuana-Related Businesses* (FIN-2014-G001). Retrieved from <https://www.fincen.gov/resources/statutes-regulations/guidance/bsa-expectations-regarding-marijuana-related-businesses>.

and federal laws concerning state-regulated marijuana businesses. The memo put forth eight prosecution priorities:

1. Preventing the distribution of marijuana to minors;
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;
3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
4. Preventing the state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;
6. Preventing the drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
8. Preventing marijuana possession or use on federal property.

In January 2018, then United States Attorney General, Jeff Sessions, rescinded the Cole Memo and thereby removed its guidance for enforcement agencies and the Department of Justice. On November 7, 2018, Jeff Sessions resigned from his position as Attorney General. William P. Barr was confirmed as Attorney General on February 14, 2019. During his confirmation hearing on January 15, 2019, Mr. Barr said in testimony to the Senate that cannabis companies operating legally according to state laws where the cultivation and sale of the drug is allowed will not face action by the Justice Department. On January 20, 2021, Joe Biden was inaugurated as President of the United States. It is not clear whether Attorney General Merrick Garland will provide greater clarity on the federal enforcement position for the cannabis industry, including a return to a more formal position as set forth in the Cole Memorandum.

Because marijuana is a Schedule I controlled substance, U.S. federal law makes it illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 (the "**Bank Secrecy Act**"). Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy.

While there has been no change in U.S. federal banking laws to account for the trend towards legalizing medical and recreational marijuana by U.S. states, FinCEN, a division of the U.S. Department of Treasury, has issued guidance advising prosecutors of money laundering and other financial crimes not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses, so long as that business is legal in their state and none of the federal enforcement priorities are being violated (such as keeping marijuana away from children and out of the hands of organized crime). The FinCEN guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps include:

1. verifying with the appropriate state authorities whether the business is duly licensed and registered;

2. reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;
3. requesting from state licensing and enforcement authorities, available information about the business and related parties;
4. developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus recreational customers);
5. ongoing monitoring of publicly available sources for adverse information about the business and related parties;
6. ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and
7. refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk. With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Due to the fear by financial institutions of being implicated in or prosecuted for money laundering, marijuana businesses are often forced into becoming “cash-only” businesses. As banks and other financial institutions in the U.S. are generally unwilling to risk a potential violation of federal law without guaranteed immunity from prosecution, most refuse to provide any kind of services to marijuana businesses.

The few credit unions who have agreed to work with marijuana businesses are limiting those accounts to no more than 5% of their total deposits to avoid creating a liquidity risk.¹⁹ Because the federal government could enforce federal banking laws as they relate to marijuana businesses at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from marijuana businesses in a single day, while also servicing the need of their other customers.

The U.S. Treasury Department, headed by Steven Mnuchin, has publicly stated they were not informed of then Attorney General Jeff Sessions’ desire to rescind the Cole Memo and do not have a desire to rescind the FinCEN guidance for financial institutions.²⁰ Multiple legislators believe that Sessions’ rescinding of the Cole Memo invites an opportunity for Congress to pass more definitive protections for marijuana businesses in states with legal marijuana programs during this Congress, but there is no guarantee that this will occur.²¹

Both Congress and marijuana-related businesses recognize that guidance put out by federal agencies is not law and thus have worked to continually renew the Rohrabacher Blumenauer

¹⁹ Ives, Eric. (2019 October 10). Cannabis and Credit Unions: Things to Know. Retrieved from <https://cannapayservices.com/cannabis-and-credit-unions-things-to-know/>.

²⁰ Angell, Tom. (2018 February 6). Trump Treasury Secretary Wants Marijuana Money In Banks. Retrieved from <https://www.forbes.com/sites/tomangell/2018/02/06/trump-treasury-secretary-wants-marijuana-money-in-banks/#2848046a3a53>; see also Mnuchin: Treasury is reviewing cannabis policies. (2018 February 7). Retrieved from <http://www.scotsmanguide.com/News/2018/02/Mnuchin--Treasury-is-reviewing-cannabis-policies/>.

²¹ Jackson, Cheresé. (2018 January 30). State-by-State Analysis of Sessions Move to Rescind Cole Memo. Retrieved from <http://guardianlv.com/2018/01/state-state-analysis-sessions-move-rescind-cole-memo/>; see also Velasquez, Josefa. (2018 January 23). NY Lawmaker Asks US Attorneys to Keep Hands Off State’s Med Marijuana Programs. Retrieved from <https://www.law.com/newyorklawjournal/sites/newyorklawjournal/2018/01/22/ny-lawmaker-asks-us-attorneys-to-keep-hands-off-states-med-marijuana-programs/?slreturn=20180205182803>; see also “This is Outrageous”: Politicians react to news that A.G. Sessions is rescinding Cole Memo. (2018 January 4). Retrieved from <https://www.thecannabist.co/2018/01/04/sessions-marijuana-cole-memo-politicians/95890/>.

Appropriations Amendment (originally the Rohrabacher Farr Amendment) since 2014. This amendment prevents the Department of Justice from using congressional funds to prosecute cannabis businesses in states that have medical marijuana laws and programs. In 2017, Senator Patrick Leahy (D-Vermont) introduced a similar amendment to H.R.1625 – a vehicle for the Consolidated Appropriations Act of 2018), preventing federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to Congress restoring such funding (“**Leahy Amendment**”). The Leahy Amendment was extended in several short-term spending bills signed September 28 and December 7, 2018 and, following a government shutdown, on January 25, 2019. On February 25, 2019, the Leahy Amendment was extended through September 30, 2019 as part of the 2019 omnibus spending bill and on September 27, 2019, as part of a stop-gap spending bill, extending through November 21, 2019. The Leahy Amendment was included in the 2020 Consolidated Appropriates Act passed on December 20, 2019 extending its provisions through September 30, 2020. Subsequently, the amendment was extended through a series of stopgap spending bills on October 1, December 11, December 18, December 20 and December 22. On December 27, the amendment was included in the Fiscal Year 2021 omnibus spending bill and will remain in effect through September 30, 2021. There can be no assurance that any future appropriations legislation passed will contain the Leahy Amendment or similar protections.

Since 2014, Congress has made immense strides in marijuana policy. The bipartisan Congressional Cannabis Caucus launched in 2017 and is headed by Representatives Dana Rohrabacher (CA-48), Earl Blumenauer (OR-03), Don Young (AK-At Large), and Jared Polis (CO-02). The group is “dedicated to developing policy reforms that bridge the gap between federal laws banning marijuana and the laws in an ever-growing number of states that have legalized it for medical or recreational purposes”.²²

While President Biden’s campaign position on cannabis falls short of full legalization, he did campaign on a platform of relaxing enforcement of cannabis proscriptions, including decriminalization generally. During his campaign, President Biden stated a policy goal to decriminalize possession of cannabis at the federal level, but he has not publicly supported the full legalization of cannabis. It is unclear how much of a priority decriminalization may be for President Biden’s administration.

An additional challenge to marijuana-related businesses is that the provisions of the Internal Revenue Code, Section 280E, are being applied by the IRS to businesses operating in the medical and adult-use marijuana industry. Section 280E of the Code prohibits marijuana businesses from deducting their ordinary and necessary business expenses, forcing them to pay higher effective federal tax rates than similar companies in other industries. The effective tax rate on a marijuana business depends on how large its ratio of non-deductible expenses is to its total revenues. Therefore, businesses in the legal cannabis industry may be less profitable than they would otherwise be.

The following Sections describe the legal and regulatory landscape in the states in which the Resulting Issuer operates. While the Resulting Issuer’s operations are in full compliance with all applicable state laws, regulations and licensing requirements, for the reasons described above and the risks further described in Section 17 “*Risk Factors*” below, there are significant risks associated with the business of the Resulting Issuer. Readers are strongly encouraged to carefully read all the risk factors contained in Section 17 “*Risk Factors*” below.

²² Huddleston, Tom Jr. (2017 February 17). Pro-Pot Lawmakers Launch a Congressional Cannabis Caucus. Retrieved from <http://fortune.com/2017/02/16/congress-cannabis-caucus/>.

Compliance with Applicable State Laws in the United States

California

California Regulatory Landscape

In 1996, California was the first state to legalize medical marijuana through Proposition 215, the Compassionate Use Act of 1996 (“**CUA**”). This legalized the use, possession and cultivation of medical marijuana by patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief.

In 2003, Senate Bill 420 was signed into law establishing an optional identification card system for medical marijuana patients.

In September 2015, the California legislature passed three bills collectively known as the “Medical Cannabis Regulation and Safety Act” (“**MCRSA**”). The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product manufacturers would require either volatile solvent or nonvolatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However, in November 2016, voters in California overwhelmingly passed Proposition 64, the “Adult Use of Marijuana Act” (“**AUMA**”) creating an adult-use marijuana program for adult-use 21 years of age or older. AUMA had some conflicting provisions with MCRSA, so in June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act (“**MAUCRSA**”), which amalgamates MCRSA and AUMA to provide a set of regulations to govern medical and adult-use licensing regime for cannabis businesses in the State of California. The four agencies that regulate marijuana at the state level are the BCC, California Department of Food and Agriculture, California Department of Public Health, and California Department of Tax and Fee Administration.

To legally operate a medical or adult-use cannabis business in California, the operator must have both a local and state license. This requires license holders to operate in cities with marijuana licensing programs. Therefore, cities in California can determine the number of licenses they will issue to marijuana operators or can choose to outright ban marijuana.

In California, there are four U.S. Attorneys covering the Central, Eastern, Northern, and Southern regions of the state, respectively. Below is a brief summary of each U.S. Attorney’s enforcement priorities related to state-legal marijuana.

In the Central District, current U.S. Attorney Nicola T. Hanna is a former Assistant U.S. Attorney who has prosecuted cases involving money laundering, narcotics trafficking, as well as violent and economic crimes. Hanna has not yet taken a public stance on his office’s enforcement priorities related to state-legal marijuana.

The U.S. Attorney for the Eastern District, McGregor Scott, previously served in the same position from 2003 to 2009. During his first tenure in the role, Scott prosecuted several people in California’s medical marijuana industry, including one case in which two of the individuals

prosecuted each received prison sentences of 20 years or more.²³ After the rescission of the Cole Memo in January 2018, Scott's office issued the following statement: "The cultivation, distribution and possession of marijuana has long been and remains a violation of federal law for all purposes. We will evaluate violations of those laws in accordance with our district's federal law enforcement priorities and resources." In May 2018, Scott stated that his marijuana enforcement priorities would be focused on illegal cultivation on federal land, cartels dealing in marijuana, and interstate trafficking.²⁴ Scott also said, "The reality of the situation is that there is so much black-market marijuana in California that we could go after just the black market and never get [to state-licensed operations]." He explained that this black market is made up of "people who have no intent of ever entering the legal system that has been created and California has attempted to establish."

In the Northern District, U.S. Attorney Alex G. Tse was previously the First Assistant U.S. Attorney in the same district. Earlier in his career, Tse spent time working in the San Francisco City Attorney's Office. Though the U.S. Attorney's office in this district has previously targeted medical cannabis businesses,²⁵ Tse has not yet issued a public statement on the issue.

The U.S. Attorney for the Southern District, Adam Braverman, has been a federal prosecutor since 2008, and has spent much of his career in government focused on investigating and prosecuting international and domestic narcotics trafficking organizations and criminal street gangs; this includes one cartel investigation that led to the indictments of more than 125 individuals.²⁶ After the rescission of the Cole Memo, Braverman expressed support for former Attorney General Jeff Sessions and stated that the Sessions Memo "returns trust and local control to federal prosecutors" to enforce the Controlled Substances Act. Braverman has made statements supporting Sessions' position that individual states should have no expectations that federal drug laws will not be enforced. More specifically, he issued the following statement on the subject: "The Department of Justice is committed to reducing violent crime and enforcing the laws as enacted by Congress. The cultivation, distribution and possession of marijuana has long been and remains a violation of federal law. We will continue to utilize long-established prosecutorial priorities to carry out our mission to combat violent crime, disrupt and dismantle transnational criminal organizations, and stem the rising tide of the drug crisis."

Licenses

The Resulting Issuer and its subsidiaries are licensed to operate as Medical and Adult-Use Retailers, Cultivators and Distributors under applicable California and local jurisdictional law. The Resulting Issuer's Licenses permit it to possess, cultivate, process, dispense and sell medical and adult-use cannabis in the State of California pursuant to the terms of the various licenses issued by the BCC under the provision of the MAUCRSA and California Assembly Bill No. 133. The Resulting Issuer obtained the rights to the entities that were ultimately licensed pursuant to several acquisitions in the form of stock and/or asset purchase agreements.

²³ Branan, Brad. (2018 January 4). Sessions' weed decision puts spotlight on new U.S. attorney for eastern California. Retrieved from <https://www.sacbee.com/news/state/california/california-weed/article193086764.html>.

²⁴ Miller, Cheryl. (2018 May 29). McGregor Scott's Pot Policies Track Obama-Era 'Cole Memo.' Retrieved from <https://www.law.com/therecorder/2018/05/29/mcgregor-scotts-pot-policies-track-obama-era-cole-memo/?slreturn=20180916155413>.

²⁵ Adlin, Ben. (2016 August 16). Federal Court Bars Justice Department From Prosecuting Medical Cannabis. Retrieved from <https://www.leafly.com/news/politics/federal-court-bars-justice-department-from-prosecuting-medical-ca>.

²⁶ The United States Attorney for the Southern District of California. (2018 February 5). Meet the U.S. Attorney, United States Attorney, Adam L. Braverman. Retrieved from <https://www.justice.gov/usao-sdca/meet-us-attorney>.

The licenses are independently issued for each approved activity for use at the Resulting Issuer facilities in California. Please see the table below for a list of the licenses issued to the Resulting Issuer in respect of its operations in California:

Holding Entity	License/Permit Type	License/Permit Number	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Blunt Brothers	Type 11 Adult-Use and Medicinal Provisional Distribution License	C11-0000499-LIC	Granted 6/26/2020 Expires 6/25/2021	BCC Issued State License
	Commercial Cannabis Permit-Distribution	CBP19-01	Granted 10/2/2019 Expires 10/1/2022	Local Business Permit
Ikānik Subco	Local Conditional Use Permit	MCUP 20-01	Granted 1/22/2020	Local land use entitlement authorizing: <ul style="list-style-type: none"> • Adult Use Cultivation • Adult Use Manufacturing • Adult Use and Medical Distribution
	Local Conditional Use Permit	CUP 17-01	Granted 3/7/2017	Local land use entitlement authorizing: <ul style="list-style-type: none"> • Medical Cultivation • Medical Manufacturing
	Adult Use Cannabis Cultivation Permit	AUCC-19-35	Granted 7/23/2019 (Renewal application submitted 7/22/2020)	Local Business Permit
	Adult Use Cannabis Distribution/Transportation Permit	AUCDT 19-38	Granted 10/26/2020 Expires 10/26/2021	Local Business Permit
High End	Conditional Use Permit	C-2018-036	Granted 10/07/2019 Expires 6/30/2021	Local Business Permit
THCA	Local Conditional Use Permit	CUP-Z17-060	Granted 9/22/2017	Local land use entitlement authorizing cultivation
	Local Conditional Use Permit	MCUP-Z19-095	Granted 10/16/2019	Local land use entitlement authorizing: <ul style="list-style-type: none"> • Cultivation • Manufacturing and • Distribution

California state and local licenses are renewed annually. Each year, licensees are required to submit a renewal application per guidelines published by BCC. While renewals are annual, there is no ultimate expiry after which no annual renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, the Resulting Issuer would expect to receive the applicable renewed license in the ordinary course of business. While the Resulting Issuer's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that the Resulting Issuer's Licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of the Resulting Issuer and have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

License and Regulations

The Adult-Use Retailer licenses permit the sale of cannabis and cannabis products to any individual age 21 years of age or older and does not require the individual to possess a physician's recommendation. Under the terms of such licenses that it holds, the Resulting Issuer is permitted to sell adult-use cannabis and cannabis products provided that the customer presents a valid government-issued photo identification. The Resulting Issuer maintains an open and collaborative relationship with the BCC and city-level cannabis regulators.

The Medicinal Retailer licenses permit the sale of medicinal cannabis and cannabis products for use pursuant to the CUA, found at Section 11362.5 of the Health and Safety Code, by a medicinal cannabis patient in California who possesses a physician's recommendation. Only certified physicians may provide medicinal marijuana recommendations. The Resulting Issuer maintains an open and collaborative relationship with the BCC and city level cannabis regulators.

The Adult-Use and Medicinal Cultivation licenses, which have been granted to the Resulting Issuer permit cannabis cultivation activity which means any activity involving the planting, growing, harvesting, drying, curing, grading or trimming of cannabis. Such licenses further permit the production of a limited number of non-manufactured cannabis products and the sales of cannabis to certain licensed entities within the state of California for resale or manufacturing purposes.

The Adult-Use and Medicinal Distribution licenses permit cannabis related distribution activity which means the procurement, sale, and transportation of cannabis and cannabis products between licensed entities. Distribution activity is permissible to and from the Resulting Issuer and certain non-Resulting Issuer licensees.

In the state of California, only cannabis that is grown in the state can be sold in the state. Although California's framework does not require that all retailers must also cultivate and process all of their own cannabis sold at retail (commonly referred to as a vertically integrated system), the Resulting Issuer is vertically integrated and has the capabilities to process and sell/dispense/deliver cannabis and cannabis products. The state also allows the Resulting Issuer to make wholesale purchase of cannabis from, or a distribution of cannabis and cannabis product to, another licensed entity within the state.

Reporting Requirements

The state of California has selected Franwell Inc.'s METRC solution ("**METRC**") as the state's track-and-trace ("**T&T**") system used to track commercial cannabis activity and movement across the distribution chain. The system allows for other third-party system integration via application programming interfaces ("**API**"). The Resulting Issuer currently utilizes Microsoft Dynamics NAV system is integrated with METRC via API which captures required data points for cultivation, distribution and retail as stipulated in BCC regulations.

Storage and Security

To ensure the safety and security of cannabis business premises and to maintain adequate controls against the diversion, theft, and loss of cannabis or cannabis products, the Resulting Issuer is required to do the following:

- 1) maintain a fully operational security alarm system;
- 2) contract for security guard services;

- 3) maintain a video surveillance system that records continuously 24 hours a day;
- 4) ensure that the facility's outdoor premises have sufficient lighting;
- 5) not dispense from its premises outside of permissible hours of operation;
- 6) store cannabis and cannabis product only in areas per the premises diagram submitted to the state of California during the licensing process;
- 7) store all cannabis and cannabis products in a secured, locked room or a vault;
- 8) report to local law enforcement within 24 hours after being notified or becoming aware of the theft, diversion, or loss of cannabis; and
- 9) to ensure the safe transport of cannabis and cannabis products between licensed facilities, maintain a delivery manifest in any vehicle transporting cannabis and cannabis products. Only vehicles registered with the BCC, that meet BCC distribution requirements, are to be used to transport cannabis and cannabis products.

California Compliance Summary

As of the date hereof, the Resulting Issuer and its subsidiaries are in full compliance with California law. The Resulting Issuer maintains several layers of compliance and internal checks and balances in order to ensure ongoing compliance with California law.

4.2 Asset Backed Securities

The Resulting Issuer does not have any asset-backed securities.

4.3 Companies with Mineral Projects

The Resulting Issuer does not own any material mineral projects.

4.4 Companies with Oil and Gas Operations

The Resulting Issuer does not have oil and gas operations.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Consolidated Financial Information

CIVC Annual Information

The following table sets forth selected financial information for CIVC as at and for the years ended November 30, 2020, 2019 and 2018. Such information is derived from the financial statements of CIVC and should be read in conjunction with such financial statements.

	As at and for the year ended November 30, 2020 (audited) (CAD\$)	As at and for the year ended November 30, 2019 (audited) (CAD\$)	As at and for the year ended November 30, 2018 (audited) (CAD\$)
Statement of operations			
Total revenue	\$nil	\$nil	\$nil

Net loss	(122,384)	(360,413)	(206,251)
Net loss per share (basic and diluted)	(0.01)	(0.02)	(0.02)
Statement of financial position			
Total assets	92,621	197,657	320,250
Total liabilities	146,246	128,898	70,190
Cash dividends declared per share	\$nil	\$nil	\$nil

See Appendix B – *CIVC financial statements as at and for the years ended November 30, 2020, 2019 and 2018.*

Ikänik Farms' Annual Information

The following table sets forth selected financial information for Ikänik Farms as at and for the three and nine months ended September 30, 2020, for the year ended December 31, 2019 and the period from incorporation (April 25, 2018) to December 31, 2018. Such information is derived from the financial statements of Ikänik Farms and should be read in conjunction with such financial statements.

	As at and for the three and nine months ended September 30, 2020 (unaudited) (\$)	As at and for the year ended December 31, 2019 (audited) (\$)	As at and for the period from incorporation (April 25, 2018) to December 31, 2018 (audited) (\$)
Statement of operations			
Total revenue	\$2,772,313	\$113,343	\$nil
Net loss	\$(9,622,036)	\$(12,841,413)	\$(475,734)
Net loss per share (basic)	\$(0.10)	\$(0.20)	\$(0.02)
Net loss per share (diluted)	\$(0.10)	\$(0.20)	\$(0.02)
Statement of financial position			
Total assets	\$38,374,944	\$35,268,113	\$2,078,932
Total liabilities	\$24,813,293	\$20,460,770	\$374,674
Cash dividends declared per share	\$nil	\$nil	\$nil

See Appendix C – *Ikänik Farms consolidated financial statements as at and for the three and nine months ended September 30, 2020, for the year ended December 31, 2019 and the period from incorporation (April 25, 2018) to December 31, 2018.*

Resulting Issuer Pro Forma Financial Statements

The following tables set forth selected pro forma financial statements of the Resulting Issuer as at and for the three and nine months ended September 30, 2020 and for the year ended December 31, 2019. Such information is derived from the financial statements of CIVC and Ikänik Farms and should be read in conjunction with the corresponding financial statements.

	Resulting Issuer Pro Forma as at and for the three and nine months ended September 30, 2020 (unaudited) (\$)	Resulting Issuer Pro Forma as at and for the year ended December 31, 2019 (unaudited) (\$)
Statement of operations		
Total revenue	\$2,772,313	\$113,343
Net loss	\$(9,622,036)	\$(12,841,413)
Net loss per share (basic and diluted)	\$(0.10)	\$(0.20)
Statement of financial position		
Total assets	\$37,989,193	\$35,268,113
Total liabilities	\$19,639,985	\$20,460,770
Cash dividends declared per share	\$nil	\$nil

See Appendix D – *Pro Forma Balance Sheet of the Resulting Issuer*.

5.2 Quarterly Information

CIVC

The following table sets out selected historical financial information of CIVC for each of the eight most recently completed quarters ending at November 30, 2020:

	November 30, 2020 (CAD)	August 31, 2020 (CAD)	May 31, 2020 (CAD)	February 28, 2020 (CAD)	November 30, 2019 (CAD)	August 31, 2019 (CAD)	May 31, 2019 (CAD)	February 28, 2019 (CAD)
Total revenue	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil
Net loss	(73,668)	(19,055)	(15,904)	(13,757)	(37,076)	(146,963)	(84,522)	(91,852)
Net loss per share (basic and diluted)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)

Ikänik Farms

The following table sets out selected historical financial information of Ikänik Farms for each of the eight most recently completed quarters ending at December 31, 2019:

	December 31, 2019 (USD)	September 30, 2019 (USD)	June 30, 2019 (USD)	March 31, 2019 (USD)	December 31, 2018 (USD)	September 30, 2018 (USD)	June 30, 2018 (USD)	March 28, 2018 (USD)
Total revenue	\$113,343	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	N/A
Net loss	(\$7,007,036)	(\$3,349,502)	(\$3,786,152)	(\$519,999)	(\$295,858)	(\$17,876)	\$nil	N/A
Net loss per share (basic and diluted)	(\$0.11)	(\$0.05)	(\$0.06)	(\$0.01)	(\$0.00)	(\$0.01)	\$nil	N/A

5.3 Dividends

There are no restrictions in the Resulting Issuer’s articles or by-laws that could prevent the Resulting Issuer from paying dividends. The payment of any dividends on the Resulting Issuer Shares is not anticipated in the foreseeable future. Any decision to pay dividends on its shares will be made by the Resulting Issuer Board based on the Resulting Issuer’s earnings, financial requirements and other conditions existing at such future time. Any dividends paid must be paid on all Resulting Issuer Shares equally, on a converted basis.

5.4 Foreign GAAP

This is not applicable to the Resulting Issuer.

6. MANAGEMENT’S DISCUSSION AND ANALYSIS

CIVC’s management’s discussion and analysis as at and for the years ended November 30, 2020, 2019 and 2018, are attached as Appendix E hereto.

Ikänik Farms’ management’s discussion and analysis as at and for the three and nine months ended September 30, 2020, for the year ended December 31, 2019, are attached as Appendix F hereto.

7. MARKET FOR SECURITIES

Prior to the completion of the Reverse Take-Over, the CIVC Shares were listed and posted for trading on the NEX under the symbol “CQV.H”. Prior to the completion of the Reverse Take-Over and subject to CSE approval of the listing of the Resulting Issuer Subordinate Voting Shares on the CSE, the Resulting Issuer intends to delist from the NEX and to change its name to “Ikänik Farms Inc.” The Resulting Issuer has requested that the symbol under which the Resulting Issuer Subordinate Voting Shares trade on the CSE be “IKNK”.

8. CONSOLIDATED CAPITALIZATION

The following table summarizes the share capital of the Resulting Issuer outstanding as of the date hereof:

Security	Authorized	Outstanding as at the date hereof ⁽¹⁾
Resulting Issuer Shares	unlimited	146,308,176
Resulting Issuer Subordinate Voting Shares	unlimited	93,526,876
Resulting Issuer Series A Multiple Voting Shares	unlimited	52,781,300
Resulting Issuer Options	10% of the number of Resulting Issuer Subordinate Voting Shares (including the number of Resulting Issuer Subordinate Voting Shares underlying the Resulting Issuer Series A Multiple Voting Shares on an “as if converted” basis)	4,140,000
Resulting Issuer Series A Options	10% of the number of Resulting Issuer Subordinate Voting Shares (including the number of Resulting Issuer Subordinate Voting Shares underlying the Resulting Issuer Series A Multiple Voting Shares on an	7,215,000

Security	Authorized	Outstanding as at the date hereof ⁽¹⁾
	"as if converted" basis)	
Resulting Issuer Subordinate Voting Warrants	Unlimited	36,449,131
Resulting Issuer Series A Warrants	Unlimited	2,614,800
Resulting Issuer Broker Warrants	Unlimited	1,493,410
Ikänik Farms 2019 Convertible Debentures	Unlimited	\$8,046,546.86 ⁽²⁾
Ikänik Farms 2020 Convertible Debentures	Unlimited	\$106,197.98 ⁽³⁾
<p>Note:</p> <p>(1) On an "as-converted" basis for the Resulting Issuer Series A Multiple Voting Shares, Resulting Issuer Series A Options and Resulting Issuer Series A Warrants.</p> <p>(2) Calculated as of the date hereof. Each Ikänik Farms 2019 Convertible Debenture may be converted into Resulting Issuer Subordinate Voting Shares (in the case of non-U.S.-purchasers) or Resulting Issuer Series A Multiple Voting Shares (in the case of U.S. purchasers) at a conversation price equal to \$0.61 or \$61.00, respectively pursuant to the terms of the Debenture Indenture.</p> <p>(3) Calculated as of the date hereof. Each Ikänik Farms 2020 Convertible Debenture may be converted into Resulting Issuer Units at a conversation price equal to 75% of the lesser of \$0.55 and the closing price on the first day that the Resulting Issuer is listed on the CSE, provided that the Conversion Price shall not be lower than the amount permitted pursuant to the policies of the CSE, and, to the extent is does not comply with the policies of the CSE, then the Conversion Price shall be equal to the minimum amount permitted pursuant to such policies.</p>		

9. OPTIONS TO PURCHASE SECURITIES

9.1 Outstanding Options

The following table sets forth the aggregate number of Resulting Issuer Options that are outstanding as of the date hereof. The Resulting Issuer Options are:

Category	Number of Resulting Issuer Shares reserved under Option (on an as-converted basis) ⁽¹⁾	Exercise Price per Resulting Issuer Share ⁽²⁾	Date of Grant
All executive officers and past executive officers of the Resulting Issuer ⁽³⁾	5,000,000	CDN\$0.30	January 4, 2019
	1,050,000	\$0.70	November 22, 2019
	100,000	\$0.40	March 27, 2020
	50,000	\$0.40	May 30, 2020
	<u>1,500,000</u>	\$0.40	July 7, 2020
	7,700,000		
All directors and past directors of the Resulting Issuer who are not also executive officers of the Resulting Issuer ⁽⁴⁾	50,000	\$0.70	November 22, 2019
	100,000	\$0.40	March 27, 2020
	100,000	\$0.40	May 30, 2020
	<u>500,000</u>	\$0.40	July 7, 2020
	750,000		

All other employees and past employees of the Resulting Issuer ⁽⁵⁾	600,000	CDN\$0.30	January 4, 2019
	950,000	\$0.70	November 22, 2019
	125,000	\$0.75	November 22, 2019
	100,000	\$0.80	November 22, 2019
	865,000	\$0.40	July 7, 2020
	50,000	\$0.40	July 12, 2020
	40,000	\$0.40	September 16, 2020
	1,000	\$55.00	March 8, 2021
	500	\$55.00	March 8, 2021
	<u>250</u>	\$55.00	March 8, 2021
2,905,000			
<u>Total</u>	<u>11,355,000</u>		

Notes:

- (1) The Resulting Issuer Options outstanding have a 10-year term and are fully vested.
- (2) In the case of Resulting Issuer Series A Options, the exercise price is multiplied by 100.
- (3) There are 3 executive officers.
- (4) There are 4 non-executive directors.
- (5) There are no executive officers of any subsidiaries, past executive officers of any subsidiaries, directors of any subsidiaries, past directors of any subsidiaries, employees of any subsidiaries and past executive officers of any subsidiaries, consultants of the Resulting Issuer or other person or company that owns options that are not captured in the categories set out in the table.

9.2 Equity Incentive Plan

On July 31, 2019, shareholders of CIVC approved a company incentive plan (the “**Equity Incentive Plan**”), the principal terms of which are described below.

Summary of Equity Incentive Plan

The principal features of the Equity Incentive Plan are summarized below.

Purpose

The purpose of the Equity Incentive Plan will be to enable the Resulting Issuer and its affiliated companies to: (i) promote and retain employees, officers, consultants, advisors and directors capable of assuring the future success of the Resulting Issuer; (ii) offer such persons incentives to put forth maximum efforts and (iii) compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership, thereby aligning the interests of such persons and holders of Resulting Issuer Subordinate Voting Shares.

The Equity Incentive Plan permits the grant of: (i) nonqualified stock options (“**NQSOs**”) and incentive stock options (“**ISOs**” and, together with the NQSOs, the “**Options**”); (ii) restricted stock awards; (iii) restricted stock units (“**RSUs**”); (iv) stock appreciation rights (“**SARs**”) and (v) performance compensation awards, which are referred to herein collectively as “**Awards**”, as more fully described below.

The Resulting Issuer Board shall have the power to manage the Equity Incentive Plan and may delegate such power at its discretion to any committee of the Resulting Issuer Board.

Eligibility

Any of the Resulting Issuer's employees, officers, directors, consultants (who are natural persons) are eligible to participate in the Equity Incentive Plan if selected by the Resulting Issuer Board (the "**Participants**"). The basis of participation of an individual under the Equity Incentive Plan, and the type and amount of any Award that an individual will be entitled to receive under the Equity Incentive Plan, will be determined by the Resulting Issuer Board based on its judgment as to the best interests of the Resulting Issuer and its shareholders, and therefore cannot be determined in advance.

The maximum number of Resulting Issuer Subordinate Voting Shares that may be issued under the Equity Incentive Plan shall be set by the Resulting Issuer Board to be an aggregate of 10% of the number of Resulting Issuer Subordinate Voting Shares (including the number of Resulting Issuer Subordinate Voting Shares underlying the Resulting Issuer Series A Multiple Voting Shares on an "as if converted" basis) then outstanding. Notwithstanding the foregoing, a maximum of 10% of the issued and outstanding Resulting Issuer Subordinate Voting Shares as of the business combination as contemplated under the Definitive Agreement may be issued as ISOs, subject to adjustment in the Equity Incentive Plan. Any shares subject to an Award under the Equity Incentive Plan that are forfeited, cancelled, expire unexercised, are settled in cash, or are used or withheld to satisfy tax withholding obligations of a Participant shall again be available for Awards under the Equity Incentive Plan. No financial assistance or support agreements may be provided by the Resulting Issuer in connection with grants under the Equity Incentive Plan.

In the event of any dividend, recapitalization, forward or reverse stock split, reorganization, merger, amalgamation, consolidation, split-up, split-off, combination, repurchase or exchange of Resulting Issuer Subordinate Voting Shares or other securities of the Resulting Issuer, issuance of warrants or other rights to acquire Resulting Issuer Subordinate Voting Shares or other securities of the Resulting Issuer, or other similar corporate transaction or event, which affects the Resulting Issuer Subordinate Voting Shares, or unusual or nonrecurring events affecting the Resulting Issuer, or the financial statements of the Resulting Issuer, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, the Resulting Issuer Board may make such adjustment, which it deems appropriate in its discretion in order to prevent dilution or enlargement of the rights of Participants under the Equity Incentive Plan, to: (i) the number and kind of shares which may thereafter be issued in connection with Awards; (ii) the number and kind of shares issuable in respect of outstanding Awards; (iii) the purchase price or exercise price relating to any Award or, if deemed appropriate, make provision for a cash payment with respect to any outstanding Award and (iv) any share limit set forth in the Equity Incentive Plan.

Awards

Options

The Resulting Issuer Board is authorized to grant Options to purchase Resulting Issuer Subordinate Voting Shares that are either ISOs meaning they are intended to satisfy the requirements of Section 422 of the Code, or NQSOs, meaning they are not intended to satisfy the requirements of Section 422 of the Code. Options granted under the Equity Incentive Plan will be subject to the terms and conditions established by the Resulting Issuer Board. Options granted under the Equity Incentive Plan will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the Resulting Issuer

Board and specified in the applicable award agreement. The maximum term of an option granted under the Equity Incentive Plan will be ten years from the date of grant (or five years in the case of an ISO granted to a 10% shareholder). Payment in respect of the exercise of an Option may be made in cash or by check, by surrender of unrestricted shares (at their fair market value on the date of exercise) or by such other method as the Resulting Issuer Board may determine to be appropriate.

RSUs

RSUs are granted in reference to a specified number of Resulting Issuer Subordinate Voting Shares and entitle the holder to receive, on achievement of specific performance goals established by the Resulting Issuer Board after a period of continued service with the Resulting Issuer or its affiliates or any combination of the above as set forth in the applicable award agreement, one Resulting Issuer Subordinate Voting Share for each such Resulting Issuer Subordinate Voting Share covered by the RSU; provided, that the Resulting Issuer Board may elect to pay cash, or part cash and part Resulting Issuer Subordinate Voting Shares in lieu of delivering only Resulting Issuer Subordinate Voting Shares. The Resulting Issuer Board may, in its discretion, accelerate the vesting of RSUs. Unless otherwise provided in the applicable award agreement or as may be determined by the Resulting Issuer Board upon a Participant's termination of service with the Resulting Issuer, the unvested portion of the RSUs will be forfeited.

Other Awards – Restricted Stock Awards

A restricted stock award is a grant of Resulting Issuer Subordinate Voting Shares, which are subject to forfeiture restrictions during a restriction period. The Resulting Issuer Board will determine the price, if any, to be paid by the Participant for each Resulting Issuer Subordinate Voting Shares subject to a restricted stock award. The Resulting Issuer Board may condition the expiration of the restriction period, if any, upon: (i) the Participant's continued service over a period of time with the Resulting Issuer or its affiliates; (ii) the achievement by the Participant, the Resulting Issuer or its affiliates of any other performance goals set by the Resulting Issuer Board; or (iii) any combination of the above conditions as specified in the applicable award agreement. If the specified conditions are not attained, the Participant will forfeit the portion of the restricted stock award with respect to which those conditions are not attained, and the underlying Resulting Issuer Subordinate Voting Shares will be forfeited. At the end of the restriction period, if the conditions, if any, have been satisfied, the restrictions imposed will lapse with respect to the applicable number of Resulting Issuer Subordinate Voting Shares. During the restriction period, unless otherwise provided in the applicable award agreement, a Participant will have the right to vote the shares underlying the restricted stock; however, all dividends will remain subject to restriction until the stock with respect to which the dividend was issued lapses. The Resulting Issuer Board may, in its discretion, accelerate the vesting and delivery of shares of restricted stock. Unless otherwise provided in the applicable award agreement or as may be determined by the Resulting Issuer Board upon a Participant's termination of service with the Resulting Issuer, the unvested portion of a restricted stock award will be forfeited.

Other Awards – SARs

A SAR entitles the recipient to receive, upon exercise of the SAR, the increase in the fair market value of a specified number of Resulting Issuer Subordinate Voting Shares from the date of the grant of the SAR and the date of exercise payable in Resulting Issuer Subordinate Voting Shares. Any grant may specify a vesting period or periods before the SAR may become exercisable and permissible dates or periods on or during which the SAR shall be exercisable.

No SAR may be exercised more than ten years from the grant date. Upon a Participant's termination of service, the same general conditions applicable to Options as described above would be applicable to the SAR.

General

The maximum term of the convertible securities to be granted/awarded under the Equity Incentive Plan will be ten (10) years.

The Resulting Issuer Board may impose restrictions on the grant, exercise or payment of an Award as it determines appropriate. Generally, Awards granted under the Equity Incentive Plan shall be non-transferable except by will or by the laws of descent and distribution. No Participant shall have any rights as a shareholder with respect to Resulting Issuer Subordinate Voting Shares covered by Options, SARs or RSUs, unless and until such Awards are settled in Resulting Issuer Subordinate Voting Shares.

No Option (or, if applicable, SARs) shall be exercisable, no Resulting Issuer Subordinate Voting Shares shall be issued, no certificates for Resulting Issuer Subordinate Voting Shares shall be delivered and no payment shall be made under the Equity Incentive Plan except in compliance with all applicable laws.

Amendments

The Resulting Issuer Board may amend, alter, suspend, discontinue or terminate the Equity Incentive Plan; provided that: (i) such amendment, alteration, suspension, discontinuation, or termination shall be subject to the approval of the Resulting Issuer's shareholders if such approval is necessary to comply with any tax or regulatory requirement applicable to the Equity Incentive Plan (including, without limitation, as necessary to comply with any rules or requirements of applicable securities exchange); (ii) no such amendment or termination may adversely affect Awards then outstanding; and (iii) such amendment, alteration, suspension, discontinuation, or termination is in compliance with CSE policies.

In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Resulting Issuer Subordinate Voting Shares or other securities of the Resulting Issuer or any other similar corporate transaction or event invoicing the change of control of the Resulting Issuer (or the Resulting Issuer shall enter into a written agreement to undergo such a transaction or event), the Resulting Issuer Board may, in its sole discretion, take such measures or make such adjustments in regards to any securities granted pursuant to the Equity Incentive Plan, as it deems appropriate.

Tax Withholding

The Resulting Issuer may take such action as it deems appropriate to ensure that all applicable federal, state, provincial, local and/or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant.

10. DESCRIPTION OF SECURITIES

10.1 General

The Resulting Issuer is authorized to issue an unlimited number of Resulting Issuer Subordinate Voting Shares and an unlimited number of Resulting Issuer Series A Multiple Voting Shares.

There are 146,308,176 Resulting Issuer Shares (on an “as-converted” basis for the Resulting Issuer Series A Multiple Voting Shares), 93,526,876 Resulting Issuer Subordinate Voting Shares and 527,813 Resulting Issuer Series A Multiple Voting Shares issued and outstanding immediately following the completion of the Reverse Take-Over (subject to the exercise of previous issued convertible securities).

10.1.1 Resulting Issuer Subordinate Voting Shares

Reclassification	Each post-consolidation share held by a shareholder of the Resulting Issuer will be reclassified into one Resulting Issuer Subordinate Voting Share.
Right to Notice and Vote	Holders of Resulting Issuer Subordinate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer. At each such meeting, holders of Resulting Issuer Subordinate Voting Shares will be entitled to one vote in respect of each Resulting Issuer Subordinate Voting Share held.
Class Rights	As long as any Resulting Issuer Subordinate Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Resulting Issuer Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Resulting Issuer Subordinate Voting Shares. Holders of Resulting Issuer Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Resulting Issuer Subordinate Voting Shares, or bonds, debentures or other securities of the Resulting Issuer.
Dividends	Holders of Resulting Issuer Subordinate Voting Shares will be entitled to receive as and when declared by the directors of the Resulting Issuer, dividends in cash or property of the Resulting Issuer. No dividend will be declared or paid on the Resulting Issuer Subordinate Voting Shares unless the Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Resulting Issuer Subordinate Voting Share basis) on the Resulting Issuer Series A Multiple Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Resulting Issuer Subordinate Voting Shares will be entitled to participate ratably along with all other holders of Resulting Issuer Subordinate Voting Shares and Resulting Issuer Series A Multiple Voting Shares (on an as-converted to Resulting Issuer Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Resulting Issuer Subordinate Voting Shares, Resulting Issuer Series A Multiple Voting Shares shall occur unless, simultaneously, the Resulting Issuer Subordinate Voting Shares and Resulting Issuer Series A Multiple

Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Conversion/Coat-Tail Provisions

In the event that an offer is made to purchase Resulting Issuer Series A Multiple Voting Shares, each Resulting Issuer Subordinate Voting Share shall become convertible at the option of the holder into Resulting Issuer Series A Multiple Voting Shares at the inverse of the conversion ratio then in effect at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Resulting Issuer Subordinate Voting Shares for the purpose of depositing the resulting Issuer Series A Multiple Voting Shares pursuant to the offer, and for no other reason. In such event, the Resulting Issuer's transfer agent shall deposit the resulting Resulting Issuer Series A Multiple Voting Shares on behalf of the holder. Should the Resulting Issuer Series A Multiple Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Resulting Issuer Series A Multiple Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Resulting Issuer or on the part of the holder, into Resulting Issuer Subordinate Voting Shares at the conversion ratio then in effect.

10.1.2 Resulting Issuer Series A Multiple Voting Shares

Right to Notice and Vote

Holders of Resulting Issuer Series A Multiple Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer will have the right to vote. At each such meeting, holders of Resulting Issuer Series A Multiple Voting Shares will be entitled to one vote in respect of each Resulting Issuer Subordinate Voting Share into which such Resulting Issuer Series A Multiple Voting Share could then be converted (currently 100 votes per Resulting Issuer Series A Multiple Voting Share held).

Class Rights

As long as any Resulting Issuer Series A Multiple Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Resulting Issuer Series A Multiple Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Resulting Issuer Series A Multiple Voting Shares. Holders of Resulting Issuer Series A Multiple Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Resulting Issuer Subordinate Voting Shares, or bonds, debentures or other securities of the Resulting Issuer.

Dividends

The holders of the Resulting Issuer Series A Multiple Voting Shares

are entitled to receive such dividends as may be declared and paid to holders of the Resulting Issuer Subordinate Voting Shares in any financial year as the Resulting Issuer Board may by resolution determine, on an as-converted to Resulting Issuer Subordinate Voting Share basis. No dividend will be declared or paid on the Resulting Issuer Series A Multiple Voting Shares unless the Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Resulting Issuer Subordinate Voting Share basis) on the Resulting Issuer Subordinate Voting Shares.

Participation

In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Resulting Issuer Series A Multiple Voting Shares will, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Resulting Issuer Series A Multiple Voting Shares, be entitled to participate ratably along with all other holders of Resulting Issuer Series A Multiple Voting Shares (on an as-converted to Resulting Issuer Subordinate Voting Share basis) and Resulting Issuer Subordinate Voting Shares.

Changes

No subdivision or consolidation of the Resulting Issuer Subordinate Voting Shares or Resulting Issuer Series A Multiple Voting Shares shall occur unless, simultaneously, the Resulting Issuer Subordinate Voting Shares and Resulting Issuer Series A Multiple Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Conversion/Coat-Tail Provisions

The Resulting Issuer Series A Multiple Voting Shares each have a restricted right to convert into 100 Resulting Issuer Subordinate Voting Shares (the “**Series A Conversion Ratio**”), subject to adjustments for certain customary corporate changes. The ability to convert the Resulting Issuer Series A Multiple Voting Shares is subject to a restriction that the aggregate number of Resulting Issuer Subordinate Voting Shares and Resulting Issuer Series A Multiple Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act, as amended), may not exceed forty percent (40%) of the aggregate number of Resulting Issuer Subordinate Voting Shares and Resulting Issuer Series A Multiple Voting Shares issued and outstanding after giving effect to such conversions. In addition, the Resulting Issuer Series A Multiple Voting Shares will be automatically converted into Resulting Issuer Subordinate Voting Shares in certain circumstances, including upon the registration of the Resulting Issuer Subordinate Voting Shares under the U.S. Securities Act, as amended.

In the event that an offer is made to purchase all or substantially all of the Resulting Issuer Subordinate Voting Shares, each Resulting

Issuer Series A Multiple Voting Share shall become convertible at the option of the holder into Resulting Issuer Subordinate Voting Shares at the Series A Conversion Ratio at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may be exercised in respect of Resulting Issuer Series A Multiple Voting Shares for the purpose of depositing the resulting Resulting Issuer Series A Multiple Voting Shares pursuant to the offer. Should the Resulting Issuer Subordinate Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Resulting Issuer Subordinate Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Resulting Issuer or on the part of the holder, into Resulting Issuer Series A Multiple Voting Shares at the inverse of the Series A Conversion Ratio then in effect.

10.1.3 Resulting Issuer Options

The Resulting Issuer Options are exercisable for Resulting Issuer Subordinate Voting Shares in accordance with their terms. Please see “3.1.2 *General Development of the Business – Ikänik Farms*” for further information with respect to the Ikänik Farms Options.

10.1.4 Resulting Issuer Series A Options

The Resulting Issuer Options are exercisable for Resulting Issuer Series A Multiple Voting Shares in accordance with their terms. Please see “3.1.2 *General Development of the Business – Ikänik Farms*” for further information with respect to the Ikänik Farms Series A Options.

10.1.5 Resulting Issuer Subordinate Voting Warrants

The Resulting Issuer Subordinate Voting Warrants are exercisable for Resulting Issuer Subordinate Voting Shares in accordance with the terms of the indenture with respect to the Resulting Issuer Warrants. Please see “3.1.2 *General Development of the Business – Ikänik Farms*” for further information with respect to the Ikänik Farms Common Share Warrants.

10.1.6 Resulting Issuer Series A Warrants

The Resulting Issuer Series A Warrants are exercisable for Resulting Issuer Series A Multiple Voting Shares in accordance with the terms of the indenture with respect to the Resulting Issuer Warrants. Please see “3.1.2 *General Development of the Business – Ikänik Farms*” for further information with respect to the Ikänik Farms Series A Warrants.

10.1.7 Resulting Issuer Broker Warrants

Each Resulting Issuer Broker Warrant entitles the holder to purchase one Resulting Issuer Subordinate Voting Share and one Resulting Issuer Subordinate Voting Share Warrant at a price that is equal to the conversion price of the Ikänik Farms 2019 Convertible Debentures, subject to adjustment in accordance with the terms of the certificate representing the Resulting Issuer Broker Warrants and is exercisable until twenty-four (24) months from a Liquidity Event.

10.1.8 Ikänik Farms 2019 Convertible Debentures

Commencing upon the date that is 120 days after the occurrence of a Liquidity Event, debentureholders are entitled to convert the 50% of the principal amount of each Ikänik Farms 2019 Convertible Debenture remaining outstanding after the Liquidity Event, including all interest obligations that have accrued and been capitalized to the principal amount thereof, into Resulting Issuer Subordinate Voting Shares (in the case of non-U.S.-purchasers) or Resulting Issuer Series A Multiple Voting Shares (in the case of U.S. purchasers) at a conversion price equal to \$0.61 or \$61.00, provided that such outstanding Ikänik Farms 2019 Convertible Debentures shall automatically convert if, at any time following the date that is 120 days after the date of the Liquidity Event and prior to the maturity date, the 10-day volume weighted average price (VWAP) of the Common Shares is at or above USD \$0.76. to the earlier of: (a) the date that is eighteen (18) months after the occurrence of a Liquidity Event and (b) August 28, 2022.

10.1.9 Ikänik Farms 2020 Convertible Debentures

As at the close of Business Day on the first day the Resulting Issuer is trading on the CSE, each Ikänik Farms 2020 Convertible Debenture will convert into that number of Resulting Issuer Units as is equal to the principal amount of the Ikänik Farms 2020 Convertible Debenture (plus any interest accrued thereon) divided by the Conversion Price. Each Resulting Issuer Unit consists of one Resulting Issuer Subordinate Voting Share and one Resulting Issuer Subordinate Voting Warrant, with each such Resulting Issuer Subordinate Voting Warrant entitling the holder to exercise it for one Resulting Issuer Subordinate Voting Share at a price that is equal to 1.3 times the Conversion Price for a period of two years from the date of issuance.

10.1.10 Miscellaneous Securities Provisions

The Resulting Issuer is not listing any debt securities.

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A are applicable to the share structure of the Resulting Issuer.

10.7 Prior Sales

The following table summarizes the issuances of Ikänik Farms Shares (including Ikänik Farms Securities convertible into Ikänik Farms Shares, but excluding Ikänik Farms Options and Ikänik Farms Series A Options) within the twelve (12) months prior to the date the initial Listing Statement was submitted to the CSE:

Date of Issuance	Class	Number of Ikänik Farms Securities Sold	Issue Price Per Security (\$)	Details of Consideration
March 30, 2021	Ikänik Farms Common Shares	12,864,889	\$0.61	Issued upon conversion of the Ikänik Farms 2019 Convertible Debentures pursuant to the Ikänik Farms 2019 Private Placement. ⁽³⁾⁽⁴⁾⁽⁵⁾
March 30, 2021	Ikänik Farms Series A Shares	3,258	\$61.00	Issued upon conversion of the Ikänik Farms 2019 Convertible Debentures pursuant to the Ikänik Farms 2019 Private Placement. ⁽³⁾⁽⁴⁾⁽⁵⁾

March 26, 2021	Ikänik Farms Series A Share Units	15,568	\$55.00	Issued in connection with the Ikänik Farms 2021 March Private Placement. Each unit is comprised of one Ikänik Farms Series A Share and one-half of one Ikänik Farms Series A Share Warrant. Each whole Ikänik Farms Series A Warrant entitled the holder to acquire one Ikänik Farms Series A Share at a price of \$75.00 per Ikänik Farms Series A Share for a period expiring 24 months from the date of a Liquidity Event.
March 26, 2021	Ikänik Farms Common Share Units	3,408,992	\$0.55	Issued in connection with the Ikänik Farms 2021 March Private Placement. Each unit is comprised of one Ikänik Farms Common Share and one-half of one Ikänik Farms Common Share Warrant. Each whole Ikänik Farms Common Share Warrant entitled the holder to acquire one Ikänik Farms Common Share at a price of \$0.75 per Ikänik Farms Common Share for a period expiring 24 months from the date of a Liquidity Event.
March 22, 2021	Ikänik Farms Series A Shares	100	\$55.00	Issued to a supplier of Ikänik Farms in satisfaction of products previously distributed.
January 8, 2021	Ikänik Farms Common Shares	125,000	\$0.40	Issued to employees of Ikänik Farms in satisfaction of services previously rendered.
January 8, 2021	Ikänik Farms Series A Shares	5,908	\$40.00	Issued to employees of Ikänik Farms in satisfaction of services previously rendered.
November 13, 2020	Ikänik Farms Common Share Units	6,484,940	\$0.55	Issued in connection with the Ikänik Farms 2020 November Private Placement. Each unit is comprised of one Ikänik Farms Common Share and one Ikänik Farms Common Share Warrant. Each Ikänik Farms Common Share Warrant entitled the holder to acquire one Ikänik Farms Common Share at a price of \$0.75 per Ikänik Farms Common Share for a period expiring 24 months from the date of a Liquidity Event.
September 18, 2020	Ikänik Farms Common Share Units	14,464,482	\$0.40	Issued in connection with the Ikänik Farms 2020 September Private Placement. Each unit is comprised of one Ikänik Farms Common Share and one Ikänik Farms Common Share Warrant. Each Ikänik Farms Common Share Warrant entitled the holder to acquire one Ikänik Farms Common Share at a price of \$0.60 per Ikänik Farms Common Share for a period expiring 24 months from the date of a Liquidity Event.

June 23, 2020	Convertible Debenture Units	100	\$1,000	Issued in connection with the Ikänik Farms 2020 June Private Placement. ⁽¹⁾⁽²⁾
May 3, 2020	Ikänik Farms Series A Warrants	1,050,748	-	Issued pursuant to a penalty provision under the 2019 Agency Agreement in connection with the Ikänik Farms 2019 Private Placement.
May 3, 2020	Ikänik Farms Common Share Warrants	266	-	Issued pursuant to a penalty provision under the 2019 Agency Agreement in connection with the Ikänik Farms 2019 Private Placement.
May 3, 2020	Convertible Debenture Units	1,300	\$1,000	Issued in connection with the Ikänik Farms 2019 Private Placement. Each convertible debenture unit was comprised of a \$1,000 Ikänik Farms convertible debenture and 820 Ikänik Farms Common Share Warrants, for non-U.S. purchasers, and 8.2 Ikänik Farms Series A Warrants, for U.S. purchasers. Non-U.S. purchasers received Ikänik Farms 2019 Convertible Debentures which were convertible into Ikänik Farms Common Shares and Ikänik Farms Common Share Warrants. U.S. purchasers received Ikänik Farms 2019 Convertible Debentures which were convertible into Ikänik Farms Series A Shares and Ikänik Farms Series A Warrants. ⁽³⁾⁽⁴⁾⁽⁵⁾
April 21, 2020	Ikänik Farms Series A Units	11,250	\$40.00	Issued in connection with the Ikänik Farms 2020 April Private Placement. Each unit is comprised of one Ikänik Farms Series A Share and one Ikänik Farms Series A Share Warrant. Each Ikänik Farms Series A Share Warrant entitled the holder to acquire one Ikänik Farms Series A Share at a price of \$60.00 per Ikänik Farms Series A Share for a period expiring 24 months from the date of a Liquidity Event.
February 24, 2020	Ikänik Farms Common Shares	1,897,429	\$1.20	Issued in connection with the Ikänik Farms 2020 February Private Placement.
February 18, 2020	Ikänik Farms Common Shares	33,333,333	\$1.20	Issued to former shareholders of Pideka in accordance with the terms and conditions of the Pideka Agreement upon the satisfaction of the Pideka Conditions.
May 3, 2019	Convertible Debenture Units ⁽²⁾	13,139	\$1,000	Issued in connection with the Ikänik Farms 2019 Private Placement. Each convertible debenture unit was comprised of a \$1,000 Ikänik Farms convertible debenture and 820 Ikänik Farms Common Share Warrants, for non-U.S. purchasers, and 8.2 Ikänik Farms Series A Warrants, for U.S. purchasers. Non-U.S. purchasers received Ikänik Farms 2019 Convertible Debentures which were

				convertible into Ikänik Farms Common Shares and Ikänik Farms Common Share Warrants. U.S. purchasers received Ikänik Farms 2019 Convertible Debentures which were convertible into Ikänik Farms Series A Shares and Ikänik Farms Series A Warrants. ⁽³⁾⁽⁴⁾⁽⁵⁾
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Notes:

- (1) As at the close of Business Day on the first day the Resulting Issuer is trading on the CSE, each Ikänik Farms 2020 Convertible Debenture will convert into that number of Resulting Issuer Units as is equal to the principal amount of the Ikänik Farms 2020 Convertible Debenture (plus any interest accrued thereon) divided by the Conversion Price.
- (2) Each Ikänik Farms Common Share Warrant issued upon conversion of the convertible debenture units entitles the holder to exercise it for one Ikänik Farms Common Share at a price of \$0.60 per Ikänik Farms Common Share for a period of two years from the date of issuance.
- (3) Immediately prior to the completion of the Reverse Take-Over, 50% of the Ikänik Farms 2019 Convertible Debentures converted into Ikänik Farms Common Shares (in the case of non-U.S.-purchasers) Ikänik Farms Series A Shares (in the case of U.S. purchasers) at a conversion price equal to \$0.61 or \$61.00, respectively.
- (4) Each Ikänik Farms 2019 Convertible Debenture bears interest at a rate of 6.0% per annum and matures August 28, 2022.
- (5) Each Ikänik Farms Common Share Warrant issued upon conversion of the convertible debenture units entitles the holder to exercise it for one Ikänik Farms Common Share at a price of \$0.79 per Ikänik Farms Common Share (or, for U.S. Ikänik Farms Common Share Warrant holders, one Ikänik Farms Series A Share at a price of \$79.00) for a period expiring 24 months from the date of a Liquidity Event.

The following table summarizes the issuances of CIVC Shares within the twelve (12) months prior to the date the initial Listing Statement was submitted to the CSE:

Date of Issuance	Class	Number of Ikänik Farms Securities Sold	Issue Price Per Security (\$)	Details of Consideration
February 7, 2019	Common	1,432,895	\$0.125	Exercise of Warrants

10.8 Stock Exchange Price

Prior to the Reverse Take-Over, the CIVC Shares were listed on the NEX under the symbol “CQV.H”. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the CIVC Shares on the NEX. This Section is not applicable to the Resulting Issuer Shares or the Ikänik Farms Shares.

Period	High (Canadian Dollars)	Low (Canadian Dollars)	Trading Volume
March 1, 2021 to March 29, 2021	\$nil	\$nil	nil
February 1, 2021 to February 28, 2021	\$nil	\$nil	nil
January 1, 2021 to January 30, 2021	\$nil	\$nil	nil
December 1, 2020 to December 31, 2020	\$nil	\$nil	nil
November 1, 2020 to November 30, 2020	\$nil	\$nil	nil
October 1, 2020 to October 31, 2020	\$nil	\$nil	nil
Q3, 2020	\$nil	\$nil	nil
Q2, 2020	\$nil	\$nil	nil
Q1, 2020	\$nil	\$nil	nil

Q4, 2019	\$nil	\$nil	nil
Q3, 2019	\$nil	\$nil	nil
Q2, 2019 ⁽¹⁾	0.40	0.165	301,387
Q1, 2019	0.50	0.20	11,558

Note:

(1) Trading of CQV.H was halted April 3, 2019.

11. ESCROWED SECURITIES

In the event that the Resulting Issuer Subordinate Voting Shares become listed on the CSE, the Resulting Issuer anticipates that it will be classified as an “emerging issuer” as defined under National Policy 46-201 – *Escrow for Initial Public Offerings* (“**NP 46-201**”) upon such listing. Each of Brian Baca, Ryan Ciucki, Bill Keating and Borja Sanz de Madrid would fall within the definition of “principal” of an emerging issuer under NP 46-201 (the “**Escrow Holders**”). As required pursuant to NP 46-201, upon the listing of the Resulting Issuer Subordinate Voting Shares on the CSE, an aggregate of 13,125,000 Resulting Issuer Subordinate Voting Shares, 281,705 Resulting Issuer Series A Multiple Voting Shares, 3,950,000 Resulting Issuer Options and 44,500 Resulting Issuer Series A Options will be held in escrow.

Escrowed security holder	Designation of class held in escrow	Number of securities held in escrow	Percentage of class ⁽¹⁾
Brian Baca	Resulting Issuer Series A Multiple Voting Shares	151,449	10.35%
	Resulting Issuer Series A Options	9,000	7.93%
Ryan Ciucki	Resulting Issuer Series A Multiple Voting Shares	33,312	2.28%
	Resulting Issuer Series A Options	34,000	29.94%
William Keating	Resulting Issuer Subordinate Voting Shares	2,550,000	1.74%
	Resulting Issuer Options	3,400,000	29.94%
Borja Sanz de Madrid	Resulting Issuer Subordinate Voting Shares	10,575,000	7.23%
	Resulting Issuer Options	550,000	4.84%

Note:

(1) Calculated on an “as-converted” basis for the Resulting Issuer Series A Multiple Voting Shares and Resulting Issuer Series A Options.

Such escrowed shares are subject to the release schedule set out in the form of escrow required by the CSE pursuant to NP 46-201:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the Listing Date	1/10 of the remaining escrowed securities
6 months after the Listing Date	1/6 of the remaining escrowed

	securities
12 months after the Listing Date	1/5 of the remaining escrowed securities
18 months after the Listing Date	1/4 of the remaining escrowed securities
24 months after the Listing Date	1/3 of the remaining escrowed securities
30 months after the Listing Date	1/2 of the remaining escrowed securities
36 months after the Listing Date	The remaining escrowed securities

Directors, officers and significant shareholders have also entered into lock-up agreements with the Agent in connection with the Ikänik Farms 2019 Private Placement pursuant to which such parties have agreed, subject to customary carve-outs and exceptions, not to sell any Resulting Issuer Securities (or announce any intention to do so), or any securities issuable in exchange therefor, for a period of 180 days from the date the Resulting Issuer Subordinate Voting Shares are listed on the CSE.

In addition, under the Definitive Agreement, the following securityholders are subject to the following escrow or lock-up provisions (capitalized terms not expressly defined herein have the meaning ascribed thereto in the Definitive Agreement):

- (1) Each: (A) Cannus Shareholder who participated in the Cannus Share Exchange; (B) holder of Cannus Warrants (excluding Cannus Warrants issued in connection with the Cannus Seed Financing or to be issued in connection with the Debenture Financing); and (C) holder of Cannus Securities issued in connection with a Potential Acquisition, has entered into a voluntary lock-up agreement for a period of 120 days after the listing date.
- (2) Each: (A) Cannus Shareholder who participated in the Cannus Seed Financing; and (B) holder of Cannus Warrants issued in connection with the Cannus Seed Financing has entered into a voluntary lock-up agreement for a period of 90 days after the listing date, with respect to 50% of the Locked-up Seed Financing Securities, and 180 days after the listing date, with respect to the remaining 50% of the Locked-up Seed Financing Securities.
- (3) Each Person who participated in the Debenture Financing has entered into a voluntary lock-up agreement for a period of 120 days after the listing date.

12. PRINCIPAL SHAREHOLDERS

As of the Closing of the Reverse Take-Over, only the following shareholder(s) will beneficially own or exercise control or direction over Resulting Issuer Shares of the Resulting Issuer carrying more than 10% of the votes attached to such Resulting Issuer Shares:

Name	Type of Ownership (of record and beneficially)	Number of Resulting Issuer Shares ⁽¹⁾	Percentage of Outstanding Resulting Issuer Shares of the Resulting Issuer (Undiluted)	Percentage of Outstanding Resulting Issuer Shares of the Resulting Issuer (Fully Diluted)
Brian Baca <i>Chief Executive Officer and Director</i>	Of Record and Beneficial	15,144,900 ⁽²⁾	10.35%	7.64%
Notes:				
(1) On an "as-converted" basis for the Resulting Issuer Series A Multiple Voting Shares.				
(2) Resulting Issuer Series A Multiple Voting Shares.				

13. DIRECTORS AND OFFICERS

13.1 to 13.5. Directors, Officers and Management of the Resulting Issuer

Each director holds office until the close of the next annual general meeting of the Resulting Issuer, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated.

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

Name and Municipality of Residence	Office with Resulting Issuer	Ikānik Farms Director and/or Officer Since	Principal Occupation and Positions Held During the Last 5 Years ⁽¹⁾	Number and Percentage of Resulting Issuer Securities Owned, Beneficially Held or Controlled (Undiluted) ⁽²⁾	Percentage of Outstanding Resulting Issuer Shares of the Resulting Issuer (Fully Diluted) ⁽²⁾
Brian Baca Reno, NV	<i>Chief Executive Officer and Director</i>	June 13, 2018 to present	Vice President – Team Lead, Specialty Finance & SBA, US Bank.	15,144,900 Resulting Issuer Shares and 900,000 Resulting Issuer Options (10.35%)	7.64%
Ryan Ciucki Temecula, CA	<i>Chief Financial Officer and Director</i>	August 8, 2018 to present	Chief Financial Officer of Sole Technology Inc. Chief Financial Officer, SVP Operations of Active RS Holdings Inc.	3,331,200 Resulting Issuer Shares and 3,400,000 Resulting Issuer Options (2.28%)	3.21%
William Keating ⁽³⁾	<i>Chief Operating Officer and</i>	April 25, 2018 to present	President, Founder of Waterbridge Inc President of Laurentian Resources.	2,550,000 Resulting Issuer Shares and 3,400,000	2.83%

Oakville, ON	<i>Director</i>		North America Sales Manager, Prism Care Corporation. CEO, Founder of The Climate Shop Corporation.	Resulting Issuer Options (1.74%)	
JJ Thomas ⁽³⁾ Encinitas, CA	<i>Director</i>	March 27, 2020 to present	President of JJ Thomas Coaching. Head Coach of US Snowboard Half Pipe Development Team.	50,000 Resulting Issuer Options (Nil)	0.02%
Borja Sanz de Madrid Bogata, Colombia	<i>Director</i>	March 27, 2020 to present	Director of Global Operations of Pideka. Chief Executive Officer of Inhabit SAS Colombia. Operating Manager of BCE Investment Group.	10,575,000 Resulting Issuer Shares and 550,000 Resulting Issuer Options (7.23%)	5.30%
Danny Gillis ⁽³⁾ Wrightsville Beach, North Carolina	<i>Director</i>	March 27, 2020 to present	Co-founder and CEO of Captain Fin Co. Founder, President of Trial Management Associates. Former Managing Partner at Masonboro Partners.	50,000 Resulting Issuer Options (Nil)	0.02%
<p>Notes:</p> <p>(1) Descriptions of the principal businesses referred to in this column are set out in each director or officer's biography in Section 13.11 "Management".</p> <p>(2) On an "as-converted" basis for the Resulting Issuer Series A Multiple Voting Shares and Resulting Issuer Series A Options. Percentages will be reduced due to current funding.</p> <p>(3) Proposed member of the Audit Committee.</p>					

As the Resulting Issuer is a "venture issuer", as defined in NI 51-102, the Resulting Issuer relies on the exemption contained in section 6.1 of NI 52-110, which exempts the Resulting Issuer from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

(a) Board Committees

The Resulting Issuer currently has one committee of its Board, being the Audit Committee. The members of the Audit Committee are Bill Keating, JJ Thomas and Danny Gillis. Each member of the Audit Committee is "financially literate" pursuant to section 1.6 of NI 52-110. A majority of the members of the Audit Committee are non-executive officers, employees or control persons of the Resulting Issuer or of any affiliate. The Audit Committee has access to all books, records, facilities and personnel and may request any information about the Resulting Issuer as it may deem appropriate. It also has the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee. The Audit Committee reviews and approves all related-party transactions and prepare reports for the Resulting Issuer Board on such related-party transactions.

Given the size of the Resulting Issuer Board, all other functions are dealt with by the full Resulting Issuer Board. The Resulting Issuer expects the Resulting Issuer Board will constitute additional committees of the Resulting Issuer Board, including a Corporate Governance Committee.

13.6 to 13.8 Penalties and Sanctions

No proposed director, officer, promoter of the Resulting Issuer, or a security holder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to 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 been subject to any other penalties or sanctions imposed by a court or regulatory body including a self-regulatory body that would be likely to be considered important to a reasonable security holder making a decision about the Reverse Take-Over.

Corporate Cease Trade Orders or Bankruptcies

No proposed director, officer, promoter of the Resulting Issuer, or a security holder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, within 10 years before the date of this Listing Statement, has been, a director, officer or promoter of any Person or company that, while that Person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the other Resulting Issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days, or was subject to an event that resulted, after the Person ceased to be a director or executive officer, in Ikänik Farms being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

13.9 Bankruptcies

No proposed director, officer, promoter of the Resulting Issuer, or a security holder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, within 10 years before the date of this Listing Statement, has been, a director, officer or promoter of any Person or company that, while that Person was acting 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, 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.

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

13.10 Conflicts of Interest

There are potential conflicts of interest to which the directors, officers and promoters of the Resulting Issuer will be subject with respect to the operations of the Resulting Issuer. Certain of the directors, and/or officers serve as directors and/or officers of other companies or have significant shareholdings in other companies. Situations may arise where the directors, officers and promoters of the Resulting Issuer will be engaged in direct competition with the Resulting Issuer. Any conflicts of interest will be subject to and governed by the law applicable to

directors' and officers' conflicts of interest, including the procedures prescribed by the BCBCA. The BCBCA requires that directors and officers of the Resulting Issuer, who are also directors or officers of a party which enters into a material contract with the Resulting Issuer or otherwise have a material interest in a material contract entered into by the Resulting Issuer, must disclose their interest and refrain from voting on any resolution of the Resulting Issuer's directors to approve the contract.

13.11 Management

All the executive officers are employees of the Resulting Issuer (or an affiliate) on a full-time basis. All executive officers have entered into employment agreements with the Resulting Issuer which include non-solicitation and confidentiality provisions. The following is a brief description of the directors and officers of the Resulting Issuer:

Brian Baca, Chief Executive Officer and Director, Age 44

Brian graduated with a degree in marketing from the University of Nevada in August 2001. Brian brings nearly two decades of finance and business experience with a specialization in commercial banking. As a former Vice President and team lead at U.S. Bank from August 2013 to September 2018, Brian assisted with risk mitigation, business growth and provided financing and creative credit solutions through debt restructures and retirement, which preserved and created new employment opportunities. He has extensive experience in the cannabis industry and operated a Proposition 215 compliant, award winning, cannabis cultivation company. Prior to the passage of Proposition 64, Mr. Baca ceased cultivation, and focused on combining his expertise in corporate finance and cannabis to launch Ikänik Farms. It is anticipated that he will devote 100% of his time to serving as director and officer of the Resulting Issuer.

Ryan Ciucki, Chief Financial Officer and Director, Age 47

Ryan graduated with a Bachelor of Science in accounting from California State Polytechnic University, Pomona in July 1998. He subsequently obtained his MBA with a specialization in finance from the University of Redlands in September 2012. Ryan brings over ten years of senior management-level experience in operational finance and strategy, growth and risk management. From July 2005 to May 2017, Ryan was the CFO of Active Ride Shop, a \$70,000,000 retail chain with 35 storefront locations across California, focusing on enhancing cash flow, debt retirements and EBITDA expansion. Ryan also served as CFO and senior finance consultant for Sole Tech, a global lifestyle brand with \$50,000,000 in annual sales from May 2017 to May 2019. Ryan has driven transformational change in organizations, demanding a transparent, disciplined, entrepreneurial thinking, and execution-oriented culture. It is anticipated that he will devote 100% of his time to serving as director and officer of the Resulting Issuer.

William Keating, Chief Operating Officer and Director, Age 63

Bill has over 25 years of senior management experience in consumer package goods, retail, environmental and cannabis markets with emphasis on public and early stage businesses. He started his career with Hudson Bay and Polaroid (December 1985 to October 1988) before starting First Video, one of Canada's largest independent consumer video products company, remaining with the company from December 1988 to February 1993. Bill was General Sales Manager for Corning Canada beginning February 1997 and Managing Director following its sale in early 2001 after which he founded Kitchen Cartel opening 27 pop up retail stores and public

sale events across Canada. Recently he was a consultant on the management team of Robinson's Cannabis, co-leading funding, marketing and communications prior to its sale. Bill graduated with B.A. in Economics from the University of Alberta in 1981. Mr. Keating is a member of the Audit Committee. It is anticipated that he will devote 100% of his time to serving as director and officer of the Resulting Issuer.

JJ Thomas, Director, Age 39

JJ Thomas is an American snowboarder who competed in the 2002 Winter Olympics winning the Olympic bronze medal in the men's halfpipe competition and is an X Games gold medalist. As of August 2018, he serves as a performance coach and currently head coach of the US Snowboard Halfpipe Development Team. JJ mentors high performing athletes and does public speaking, recently giving a TEDx Talk about his experience coaching Shaun White to his Olympic gold medal in the 2018 Winter Olympics. Mr. Thomas is a member of the Audit Committee. It is anticipated that he will devote approximately 5% of his time to serving as director of the Resulting Issuer or such additional time as necessary to fulfill his directorial obligations.

Borja Sanz de Madrid, Director, Age 45

Borja brings over 15 years' experience in emerging markets as the former CEO of Inhabit SAS Colombia (serving from 2008 to 2018), a leading import and export company that introduced innovative European construction technology and products to the Latin American market. He served as managing director of BCE Investment Group from 2005 to 2017 and sits on the board of Sanz International Jewelry Group and BML Investment Group, serving the Spanish and Moroccan royal families. It is anticipated that he will devote approximately 5% of his time to serving as director of the Resulting Issuer or such additional time as necessary to fulfill his directorial obligations.

Danny Gillis, Age 45

Danny is co-founder and chief executive officer of Captain Fin Co, an aspirational global brand that designs, manufactures and sells surf products and apparel (founded in 2011). He has over 18 years of experience building companies and marketplaces that connect people and products. As founder and president of Trial Management Associates (serving from May 2009 to April 2014), he established a leading clinical research management company that partners with private physician practices to successfully manage and execute Phase II-IV industry sponsored clinical research studies. He was also Managing Partner at Masonboro Partners, an executive search firm that places C level management teams from April 2007 to January 2011. Danny holds a Bachelor of Science degree from Towson University having graduated in 1998. Mr. Gillis is a member of the Audit Committee. It is anticipated that he will devote approximately 5% of his time to serving as director of the Resulting Issuer or such additional time as necessary to fulfill his directorial obligations.

13.12 Other Reporting Resulting Issuer Experience

No member of management serves as a director of other issuers that are resulting issuers (or the equivalent) in Canada or a foreign jurisdiction.

14. CAPITALIZATION

14.1 Pro Forma Capitalization

There are 153,753,846 Resulting Issuer Shares (on an “as-converted” basis for the Resulting Issuer Series A Multiple Voting Shares), 102,232,146 Resulting Issuer Subordinate Voting Shares and 515,217 Resulting Issuer Series A Multiple Voting Shares issued and outstanding immediately following the completion of the Reverse Take-Over (subject to the exercise of previous issued convertible securities).

The following tables set forth the pro forma consolidated capitalization of the Resulting Issuer as at the date of this Listing Statement. All references are to Resulting Issuer Shares.

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	146,308,176	209,917,796	100.00%	100.00%
Held by Related Persons or employees of the Resulting Issuer or Related Person of the Resulting Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer upon exercise or conversion of other securities held) (B)	71,445,882	97,265,364	48.83%	46.33%
Total Public Float (A-B)	74,862,294	112,652,432	51.17%	53.67%
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	104,101,423	138,494,510	71.15%	65.98%
Total Tradeable Float (A-C)	42,206,753	71,423,286	28.85%	34.02%

Public Securityholders (Registered)

Class of Security: Resulting Issuer Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	181	2,133
100 – 499 securities	20	4,590
500 – 999 securities	3	2,450
1,000 – 1,999 securities	3	4,562
2,000 – 2,999 securities	1	2,407
3,000 – 3,999 securities	1	3,048
4,000 – 4,999 securities	2	8,825
5,000 or more securities	134	74,834,279
Total	345	74,862,294

Note:

(1) Calculated on an “as-converted” basis for the Resulting Issuer Series A Multiple Voting Shares.

Public Securityholders (Beneficial)

Class of Security: Resulting Issuer Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	2,876	66,056
100 – 499 securities	519	112,014
500 – 999 securities	83	60,014
1,000 – 1,999 securities	41	58,501
2,000 – 2,999 securities	7	18,228
3,000 – 3,999 securities	5	16,569
4,000 – 4,999 securities	7	31,020
5,000 or more securities	270	72,729,005
Unverifiable beneficially-held securities	Cannot accurately confirm the shareholdings of objecting beneficial shareholders	1,770,887
Total	3,808	74,862,294

Note:
(1) Calculated on an “as-converted” basis for the Resulting Issuer Series A Multiple Voting Shares.

Non-Public Securityholders (Registered)

Class of Security: Resulting Issuer Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	17	71,445,882
Total	17	71,445,882

Note:
(1) Calculated on an “as-converted” basis for the Resulting Issuer Series A Multiple Voting Shares.

14.2 Securities Convertible or Exchangeable for Resulting Issuer Subordinate Voting Shares

The following tables set forth the securities convertible or exchangeable for Resulting Issuer Subordinate Voting Shares as at the date of this Listing Statement.

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Resulting Issuer Series A Multiple Voting Shares	524,555	52,455,500
Resulting Issuer Options	4,140,000	4,140,000
Resulting Issuer Series A Options	72,150	7,215,000
Resulting Issuer Subordinate Voting Warrants	36,449,131	36,449,131
Resulting Issuer Series A Warrants	26,148	2,614,800
Resulting Issuer Broker Warrants	1,493,410	2,240,115
Ikānik Farms 2019 Convertible Debentures	\$8,046,546.86	13,190,689 ⁽²⁾
Ikānik Farms 2020 Convertible Debentures ⁽¹⁾	See Note (1) below.	444,100 ⁽³⁾

<i>(CIVC)</i> ⁽¹⁾							
Laurie Sadler <i>Former CEO and Director (CIVC)</i> ⁽²⁾	2019 2018	\$nil \$nil	\$nil \$nil	\$nil \$nil	\$nil \$nil	\$nil \$nil	\$nil \$nil
Ming Jang <i>CFO and Secretary (CIVC)</i>	2019 2018	CAD\$11,800 CAD\$39,411	\$nil \$nil	\$nil \$nil	\$nil \$nil	\$nil \$nil	CAD\$11,800 CAD\$39,411
Jeffrey Lightfoot <i>Director (CIVC)</i>	2019 2018	\$nil CAD\$4,750	\$nil \$nil	\$nil \$nil	\$nil \$nil	\$nil \$nil	\$nil CAD\$4,750
Dean Johnson <i>Director</i> ⁽³⁾ <i>(CIVC)</i>	2019 2018	\$nil \$nil	\$nil \$nil	\$nil \$nil	\$nil \$nil	\$nil \$nil	\$nil \$nil
Erin Walmesley <i>Director</i> ⁽⁴⁾ <i>(CIVC)</i>	2019 2018	\$nil \$nil	\$nil \$nil	\$nil \$nil	\$nil \$nil	\$nil \$nil	\$nil \$nil
Notes:							
(1) Jacqueline Tucker was appointed as CEO and director of CIVC on October 5, 2018.							
(2) Laurie Sadler served as CEO and director of CIVC from January 6, 2017 to October 5, 2018.							
(3) Dean Johnson was appointed as director of CIVC on February 8, 2019.							
(4) Erin Walmesley served as director of CIVC from January 6, 2017 to February 8, 2019.							

15.2 Equity Incentive Plan Awards

Set forth in the table below is a summary of all compensation securities granted or issued to each of the named executive officer and directors of the Resulting Issuer or any subsidiary thereof during the most recently completed financial year.

TABLE OF COMPENSATION SECURITIES					
Name and position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price	Expiry Date
Brian Baca <i>CEO and Director (Ikānik Farms)</i> ⁽¹⁾	Ikānik Farms Series A Options ⁽¹⁾	3,500 Ikānik Farms Series A Options exercisable for 3,500 Ikānik Farms Series A Shares (3.14%) ⁽²⁾	November 22, 2019	\$70.00	June 28, 2029

Ryan Ciucki <i>CFO and Director (Ikänik Farms)</i>	Ikänik Farms Series A Options ⁽¹⁾	28,500 Ikänik Farms Series A Options exercisable for 28,500 Ikänik Farms Series A Shares (25.55%) ⁽²⁾	(1) 25,000 on January 4, 2019; (2) 3,500 on November 22, 2019	(1) \$30.00; (2) \$70.00	(1) January 4, 2029; (2) June 28, 2029
William Keating <i>COO and Director (Ikänik Farms)</i>	Ikänik Farms Options ⁽¹⁾	2,850,000 Ikänik Farms Options exercisable for 2,850,000 Ikänik Farms Common Shares (25.55%) ⁽²⁾	(1) 2,500,000 on January 4, 2019; (2) 350,000 on November 22, 2019	(1) \$0.30; (2) \$0.70	(1) January 4, 2029; (2) June 28, 2029
Chad White <i>Former Director (Ikänik Farms)</i>	Ikänik Farms Series A Options ⁽¹⁾	500 Ikänik Farms Series A Options exercisable for 500 Ikänik Farms Series A Shares (0.45%) ⁽²⁾	November 22, 2019	\$70.00	June 28, 2029
Jacqueline M. Tucker <i>CEO and Director (CIVC)</i> ⁽¹⁾	Nil	Nil	N/A	N/A	N/A
Laurie Sadler <i>Former CEO and Director (CIVC)</i> ⁽²⁾	Nil	Nil	N/A	N/A	N/A
Ming Jang <i>CFO and Secretary (CIVC)</i>	Nil	Nil	N/A	N/A	N/A
Jeffrey Lightfoot <i>Director (CIVC)</i>	Nil	Nil	N/A	N/A	N/A
Dean Johnson <i>Director (CIVC)</i>	Nil	Nil	N/A	N/A	N/A
Erin Walmesley <i>Director (CIVC)</i>	Nil	Nil	N/A	N/A	N/A
Notes: (1) Each Ikänik Farms Option and Ikänik Farms Series A Option is fully vested. (2) Represents the anticipated percentage of Resulting Issuer Options following the completion of the Reverse Take-Over.					

It is expected that options awards held by management will be taken into consideration by the Resulting Issuer Board at the time of any subsequent grants under the Equity Incentive Plan in determining the quantum or terms of any such subsequent award grants. Resulting Issuer Options (and other awards) may be granted to directors, management, employees and certain service providers as long-term incentives to align the individual's interests with those of the Resulting Issuer. The size of the award grants is anticipated to be in proportion to the deemed ability of the individual to make an impact on the Resulting Issuer's success, as determined by the Resulting Issuer Board.

No director or Named Executive Officer of either CIVC or Ikänik Farms exercised any share- or option- based awards during the most recently completed financial year.

15.3 Stock Option Plans and Other Incentive Plans

In connection with the completion of the Reverse Take-Over, CIVC shareholders approved the Equity Incentive Plan. For further details in respect of the Equity Incentive Plan, please see Section 9 “*Options to Purchase Securities*” above.

15.4 Employment, Consulting and Management Agreements

The Resulting Issuer has adopted and approved executive employment agreements for Brian Baca (Chief Executive Officer), Ryan Ciucki (Chief Financial Officer) and William Keating (Chief Operating Officer). Details regarding the compensation anticipated to be paid to the NEOs under such executive employment agreements are set out below.

Brian Baca, Chief Executive Officer

Under the terms of his employment contract, Mr. Baca is entitled to an annual salary of \$180,000.

Ryan Ciucki, Chief Financial Officer

Under the terms of his employment contract, Mr. Ciucki is entitled to an annual salary of \$180,000.

William Keating, Chief Operating Officer

Under the terms of his employment contract, Mr. Keating is entitled to an annual salary of \$180,000.

General

Under each NEO’s executive employment agreement, “Cause” for termination purposes is defined as follows:

“(i) the Executive’s indictment on a charge of a felony or any crime or misdemeanor involving moral turpitude, (ii) the Executive’s commitment of an act of fraud, embezzlement, misappropriation or a material breach of fiduciary duty against the Company, (iii) the Executive’s failure for any reason after thirty (30) days written notice thereof to correct, cease or otherwise alter any act of insubordination, or (iv) gross negligence in the Executive’s duties hereunder, continuing after thirty (30) days’ notice from the Company.”

Pursuant to each NEO’s executive employment agreement, each NEO shall also receive the following benefits: Annual Cash Bonus, Long-Term Incentive, Vacation, Benefits, as determined to be appropriate from time to time in the circumstances of the NEO.

15.5 Oversight and Description of Director and Named Executive Officer Compensation

Philosophy and Objectives

The compensation of the NEOs is set by the Resulting Issuer Board. The objective of the Resulting Issuer Board in setting compensation levels is to attract and retain individuals of high caliber to serve as officers of the Resulting Issuer, to motivate their performance to achieve the Resulting Issuer's strategic objectives and to align the interests of executive officers with the long-term interests of the shareholders of the Resulting Issuer. These objectives are designed to ensure that the Resulting Issuer continues to grow cash flow and earnings for shareholders of the Resulting Issuer. The Resulting Issuer Board sets the compensation received by Named Executive Officers to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin. In setting such levels, the Resulting Issuer Board relies primarily on their own experience and knowledge.

Compensation

The Resulting Issuer's compensation practices will be designed to retain, motivate and reward its executive officers for their performance and contribution to the Resulting Issuer's long-term success. The Resulting Issuer Board will seek to compensate the Resulting Issuer's executive officers by combining short and long-term cash and equity incentives. It will also seek to reward the achievement of corporate and individual performance objectives, and to align executive officers' incentives with shareholder value creation. The Resulting Issuer Board will seek to tie individual goals to the area of the executive officer's primary responsibility. These goals may include the achievement of specific financial or business development goals.

The Resulting Issuer Board will also seek to set company performance goals that reach across all business areas and include achievements in finance/business development and corporate development.

The independent directors of the Resulting Issuer will review and recommend the executive compensation arrangements and the employment agreements for the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer. The ultimate decision will rest with the Chief Executive Officer in all cases.

Benchmarking

The executive team is expected to establish an appropriate comparator group for purposes of setting the future compensation of the NEOs.

Elements of Compensation

The compensation of the NEOs will include three major elements: (a) base salary; (b) an annual, discretionary cash bonus and (c) long-term equity incentives, consisting of LTIP Units and stock options and other applicable awards granted under the Equity Incentive Plan and any other equity plan that may be approved by the Resulting Issuer Board. These three principal elements of compensation are described below.

Base Salary

Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to the Resulting Issuer's success, the position and responsibilities of the NEOs and competitive industry pay practices for other high growth, premium brand companies of similar size and revenue growth potential.

Annual Cash Bonus

Annual bonuses will be awarded based on qualitative and quantitative performance standards and will reward performance of the NEO individually. The determination of an NEO's performance may vary from year to year depending on economic conditions and conditions in the marijuana industry and may be based on measures such as stock price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance.

Director Compensation

It is anticipated that the Resulting Issuer will pay compensation to its directors in the form of annual fees for attending meetings of the Resulting Issuer Board. Directors may receive additional compensation for acting as chairs of committees of the Resulting Issuer Board. Directors will also be entitled to receive stock options and other applicable awards in accordance with the terms of the Equity Incentive Plan and the CSE requirements and will be reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the Resulting Issuer Board, committees of the Resulting Issuer Board or meetings of the shareholders of the Resulting Issuer. It is also anticipated that the Resulting Issuer will obtain customary insurance for the benefit of its directors and enter into indemnification agreements with its directors pursuant to which the Resulting Issuer will agree to indemnify its directors to the extent permitted by applicable law.

15.6 Pension Disclosure

The Resulting Issuer has not yet instituted defined benefit or defined contribution pension plans which provide for payments or benefits at, following, or in connection with retirement.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No existing director, executive officer or senior officer of the Resulting Issuer is currently, or was at any time during the most recently completed financial year, indebted to the Resulting Issuer or any of its subsidiaries, or is indebted to another entity where the debt is, or at any time since the most recently completed financial year was, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Resulting Issuer or any of its subsidiaries.

17. RISK FACTORS

The following are certain factors relating to the business of the Resulting Issuer. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not presently known to the Resulting Issuer or currently deemed immaterial by the Resulting Issuer, may also impair the operations of the Resulting Issuer. If any such risks actually occur, shareholders of the Resulting Issuer could lose all or part of their investment and

the business, financial condition, liquidity, results of operations and prospects of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected.

The acquisition of any of the securities of the Resulting Issuer is speculative, involving a high degree of risk and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Resulting Issuer should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Holders of the Resulting Issuer Shares should evaluate carefully the following risk factors associated with the Resulting Issuer's securities, along with the risk factors described elsewhere in this Listing Statement.

Risks Related to the Business of the Resulting Issuer

Marijuana remains illegal under U.S. federal law

Marijuana is a Schedule I controlled substance and is illegal under U.S. federal law. Even in those states in which the use of marijuana has been legalized, its use, cultivation, sale and distribution remains a violation of federal law. Any person connected to the marijuana industry in the United States may be at risk of federal criminal prosecution and civil liability in the United States. Any investments may be subject to civil or criminal forfeiture and total loss. Since federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, strict enforcement of federal law regarding marijuana would harm the Resulting Issuer's business, prospects, results of operation, and financial condition.

Federal regulation of marijuana in the United States

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the ACMPR and the regulation of recreational cannabis under the Cannabis Act, investors are cautioned that in the United States, cannabis is largely regulated at the State level. To date, a total of 34 states and the territories of Washington D.C., Guam and Puerto Rico have legalized cannabis for either medical or adult use.

If the Department of Justice policy were to aggressively pursue financiers or equity owners of cannabis-related businesses, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Resulting Issuer could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries; (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the Controlled Substances Act for aiding and abetting and conspiring to violate the Controlled Substances Act by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis, and/or (iii) barring employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life. On September 21, 2018, the U.S. Customs and Border Protection ("**CBP**") issued the "CBP Statement on Canada's Legalization of Marijuana and Crossing the Border", in which the CBP confirmed the possibility of the foregoing, including the fact that "working in or facilitating the proliferation of the legal marijuana industry in U.S. states where it is deemed legal may affect admissibility to the U.S."

Given the current uncertainty regarding the new Biden Administration's and any new Attorney General's position on cannabis enforcement, a prospective investor in the Resulting Issuer's securities should consider that the Department of Justice under the new Biden Administration or an aggressive federal prosecutor could allege that the Resulting Issuer and its Board and, potentially its shareholders, "aided and abetted" violations of federal law by providing finances and services to its portfolio cannabis companies. Under these circumstances, it is possible that the federal prosecutor would seek to seize the assets of the Resulting Issuer, and to recover the "illicit profits" previously distributed to shareholders resulting from any of the foregoing financing or services. In these circumstances, the Resulting Issuer's operations would cease, shareholders may lose their entire investment and directors, officers and/or shareholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison.

Federal law pre-empts state law in these circumstances, so the federal government can assert criminal violations of federal law against members of the marijuana industry despite state law. The level of prosecutions of state-legal cannabis operations is entirely unknown; nonetheless, the stated position of the current administration is hostile to legal cannabis, and furthermore may be changed at any time by the Department of Justice to become even more aggressive.

Additionally, there can be no assurance as to the position any new administration may take on marijuana and a new administration could decide to enforce the federal laws strongly. Any enforcement of current federal laws could cause significant financial damage to the Resulting Issuer and its shareholders. Further, future presidential administrations may want to treat marijuana differently and potentially enforce the federal laws more aggressively.

Violations of any 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 Resulting Issuer, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in the United States, 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 common shares. In addition, it is difficult 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.

Risks associated with travelling across borders

News media have reported that United States immigration authorities have increased scrutiny of Canadian citizens who are crossing the United States-Canada border with respect to persons involved in cannabis businesses in the United States. There have been a number of Canadians barred from entering the United States as a result of an investment in or act related to United States cannabis businesses. In some cases, entry has been barred for extended periods of time and lifetime bans have been granted.

The majority of persons travelling across the Canadian and U.S. border do so without incident. Some persons are simply denied entry one time. The U.S. Department of State and the Department of Homeland Security have indicated that the United States has not changed the admission requirements in response to the legalization of recreational cannabis in Canada.

Admissibility to the United States may be denied to any person working or 'having involvement in' the marijuana industry according to United States Customs and Border Protection. Additionally, legal experts have indicated that if the admission criteria are applied broadly, this may result in a determination that the act of investing in or working or collaborating with a U.S. cannabis company is considered trafficking in a Schedule I controlled substance or aiding, abetting, assisting, conspiring or colluding in the trafficking of a Schedule I controlled substance. Inadmissibility in the United States implies a lifetime ban for entry as such designation is not lifted unless an individual applies for and obtains a waiver.

Resulting Issuer directors, officers or employees traveling from Canada to the United States for the benefit of the Resulting Issuer may encounter enhanced scrutiny by United States immigration authorities that may result in the employee not being permitted to enter the United States for a specified period of time. If this happens to Resulting Issuer directors, officers or employees, then this may reduce the Resulting Issuer's ability to manage its business effectively in the United States.

The Resulting Issuer may be subject to certain U.S. federal regulations relating to cash reporting

The U.S. Bank Secrecy Act, enforced by FinCEN requires a party in trade or business to file with the U.S. Internal Revenue Service Form 8300 report within 15 days of receiving a cash payment of over \$10,000. While we receive few cash payments for the products we sell, if we fail to comply with these laws and regulations, the imposition of a substantial penalty could have a material adverse effect on our business, results of operations and financial condition.

U.S. state regulatory uncertainty

The rulemaking process for cannabis regulations at the state level will be ongoing and result in frequent changes. As a result, a compliance program is essential to manage regulatory risk. All operating policies and procedures implemented in the operation will be compliance-based and derived from the state regulatory structure governing ancillary cannabis businesses and their relationships to state-licensed or permitted cannabis operators, if any. Notwithstanding the Resulting Issuer's efforts, regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. No assurance can be given that the Resulting Issuer will receive the requisite licenses, permits or authorizations to operate its businesses and may only be able to do so at great cost.

In addition, local laws and ordinances could restrict the Resulting Issuer's business activity. Although legal under the laws of the states in which the Resulting Issuer's business will operate, local governments have the ability to limit, restrict, and ban cannabis businesses from operating within their jurisdiction. Land use, zoning, local ordinances, and similar laws could be adopted or changed, and have a material adverse effect on the Resulting Issuer's business.

The Resulting Issuer is aware that multiple states are considering special taxes or fees on businesses in the marijuana industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. This could have a material adverse effect upon the Resulting Issuer's business, results of operations, financial condition or prospects.

In addition, it is possible that regulations may be enacted in the future that will be directly applicable to the Resulting Issuer's business, including, but not limited to, regulations or laws

impacting the amount of production that the Resulting Issuer's licensed entities are authorized to produce. The Resulting Issuer cannot predict the nature of any future laws, regulations, interpretations or applications, which could require the Resulting Issuer to incur substantial costs associated with compliance or alter certain aspects of its business plan. Nor can the Resulting Issuer determine what effect additional governmental regulations or administrative policies and procedures, if promulgated, could have on the Resulting Issuer's business.

The Resulting Issuer's business is dependent on laws pertaining to the cannabis industry, and further legislative development is not guaranteed

The Resulting Issuer's business plan involves the cultivation, distribution, manufacture, storage, transportation and/or sale of medical and adult-use cannabis products in compliance with applicable state law, but in violation of federal law. Continued development of the cannabis industry is dependent upon continued legislative and regulatory authorization of cannabis at the state level. Any number of factors could slow or halt progress in this area. Further progress is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative and regulatory process. Any one of these factors could slow or halt business operations relating to cannabis or the current tolerance for the use of cannabis by consumers, which would negatively impact the Resulting Issuer's business.

The Resulting Issuer has a limited operating history, which may make it difficult for investors to predict future performance based on current operations

The Resulting Issuer has a limited operating history upon which investors may base an evaluation of its potential future performance, having begun operations in 2018. The Resulting Issuer has shown that the Resulting Issuer can produce, sell and enhance its product in a manner that enables it to be profitable and meet customer requirements, obtain the necessary permits and/or achieve certain milestones to develop its businesses, develop and maintain relationships with key manufacturers and strategic partners to extract value from its intellectual property, raise sufficient capital in the public and/or private markets, and respond effectively to competitive pressures. Notwithstanding its successes to date, there can be no assurance that the Resulting Issuer will be able to develop or maintain consistent revenue sources, or that its operations will continue to be profitable and/or generate positive cash flow and/or grow.

As a result of its limited operating history, any forecasts the Resulting Issuer makes about its operations may prove to be inaccurate. The Resulting Issuer must, among other things, determine appropriate risks, rewards, and level of investment in its product lines, respond to economic and market variables outside of its control, respond to competitive developments and continue to attract, retain, and motivate qualified employees. There can be no assurance that the Resulting Issuer will be successful in meeting these challenges and addressing such risks and the failure to do so could have a material adverse effect on its business, results of operations, and financial condition. Its prospects must be considered in light of the risks, expenses, and difficulties frequently encountered by companies in the early stage of development. As a result of these risks, challenges, and uncertainties, the value of an investment in the Resulting Issuer could be significantly reduced or completely lost.

Risks associated with young industries

The cannabis industries in those states which have legalized such activity are not yet well-developed, and many aspects of these industries' development and evolution cannot be accurately predicted. While the Resulting Issuer has attempted to identify many risks specific to

the cannabis industry, prospective investors should carefully consider that there are probably other risks that the Resulting Issuer has not foreseen or not mentioned in this document, which may cause prospective investors to lose some, or all, of such prospective investor's investment. Given the limited history, it is difficult to predict whether this market will continue to grow or whether it can be maintained.

The Resulting Issuer expects that the market will evolve in ways which may be difficult to predict. For example, the Resulting Issuer anticipates that over time it will reach a point in most markets where the Resulting Issuer has achieved a market penetration such that investments in new customer acquisition are less productive and the continued growth of the Resulting Issuer's revenue will require more focus on increasing the rate at which the Resulting Issuer's existing customers purchase products. In the event of these or any other changes to the market, the Resulting Issuer's continued success will depend on the Resulting Issuer's ability to successfully adjust the Resulting Issuer's strategy to meet the changing market dynamics. If the Resulting Issuer is unable to successfully adapt to changes in the Resulting Issuer's markets, the Resulting Issuer's business, financial condition and results of operations could suffer a material negative impact.

The legality of cannabis could be reversed in one or more states of operation

The voters or legislatures of states in which cannabis has been legalized could potentially repeal applicable laws which permit both the operation of medical and retail cannabis businesses. These actions might force the Resulting Issuer to cease some or all of the Resulting Issuer's business.

The cannabis industry faces strong opposition

Many believe that several large, well-funded businesses may have a strong economic opposition to the cannabis industry. Specifically, there is reason to believe that the pharmaceutical industry does not want to cede control of any product that could generate significant revenue. For example, medical cannabis will likely adversely impact the existing market for the current "cannabis pill" sold by mainstream pharmaceutical companies. Further, the medical cannabis industry could face a material threat from the pharmaceutical industry should cannabis displace other drugs or encroach upon the pharmaceutical industry's products. The pharmaceutical industry is well funded with a strong and experienced lobby that eclipses that of the medical and retail cannabis industries. Any inroads the pharmaceutical industry made in halting or impeding the cannabis industry could have a detrimental impact on the Resulting Issuer's business.

Heightened scrutiny by Canadian regulatory authorities

The Resulting Issuer's existing operations in the United States, and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Resulting Issuer 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 Resulting Issuer's ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

It had been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services

Inc. (“CDS”), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada’s central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding (“MOU”) with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSXV.²⁷ The MOU outlines the parties’ understanding of Canada’s regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the common shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of common shares to make and settle trades. In particular, the Resulting Issuer Shares would become highly illiquid until an alternative was implemented, investors would have no ability to effect a trade of the common shares through the facilities of the applicable stock exchange.

Restricted access to banking in the United States

In February 2014, FinCEN issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements.²⁸ This guidance does not provide any safe harbours or legal defences from examination or regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Biden Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Resulting Issuer may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state in which it resides permits cannabis sales. The inability or limitation in the Resulting Issuer’s ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Resulting Issuer to operate and conduct its business as planned or to operate efficiently.

²⁷ Memorandum from The Canadian Depository for Securities, Aequitas NEO Exchange Inc., CNSX Markets Inc., TSX Inc., and TSX Venture Exchange Inc. (2018 February 8). Retrieved from <https://www.cds.ca/resource/en/249/>.

²⁸ Department of the Treasury Financial Crimes Enforcement Network. (2014). *Guidance re: BSA Expectations Regarding Marijuana-Related Businesses* (FIN-2014-G001). Retrieved from <https://www.fincen.gov/resources/statutes-regulations/guidance/bsa-expectations-regarding-marijuana-related-businesses>.

The regulatory environment for cannabis in the United States imposes constraints on marketing the Resulting Issuer's products

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

Regulatory scrutiny of the Resulting Issuer's interests in the United States

For the reasons set forth herein, the Resulting Issuer's interests in the United States cannabis market, and future licensing arrangements, may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. As a result, the Resulting Issuer 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 Resulting Issuer's ability to carry on its business in the United States.

The Resulting Issuer's management team or other owners could be disqualified from ownership in the Resulting Issuer

The Resulting Issuer's business is in a highly regulated industry in which many states have enacted extensive rules for ownership of a participant company. The Resulting Issuer's owners (which could include the investors in the Resulting Issuer) could become disqualified from having an ownership stake in the Resulting Issuer under relevant laws and regulations of applicable state and/or local regulators, if the applicable owner is convicted of a certain type of felony or fails to meet the requirements for owning equity in a company like the Resulting Issuer.

Constraints on marketing products

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

Unfavourable tax treatment of cannabis businesses

Under Section 280E ("**Section 280E**") of the United States Internal Revenue Code of 1986 as amended (the "**Code**"), "no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted." This provision has been applied by the U.S. Internal Revenue Service to cannabis operations,

prohibiting them from deducting expenses directly associated with the sale of cannabis. Section 280E therefore has a significant impact on the retail side of cannabis, but a lesser impact on cultivation and manufacturing operations. A result of Section 280E is that an otherwise profitable business may, in fact, operate at a loss, after taking into account its U.S. income tax expenses.

Risk of civil asset forfeiture

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture. Any such seizure of assets of the Resulting Issuer could have a material adverse effect on its business, operations and financial results.

Risk of RICO prosecution or civil liability

The Racketeer Influenced Corrupt Organizations Act (“**RICO**”) criminalizes the use of any profits from certain defined “racketeering” activities in interstate commerce. While intended to provide an additional cause of action against organized crime, due to the fact that marijuana is illegal under U.S. federal law, the production and sale of marijuana qualifies marijuana-related businesses as “racketeering” as defined by RICO. As such, all officers, managers and owners in the Resulting Issuer could be subject to criminal prosecution under RICO, which carries substantial criminal penalties.

RICO can create civil liability as well: persons harmed in their business or property by actions which would constitute racketeering under RICO often have a civil cause of action against such “racketeers,” and can claim triple their amount of estimated damages in attendant court proceedings. The Resulting Issuer as well as its officers, managers and owners could all be subject to civil claims under RICO.

Foreign private issuer

The Resulting Issuer is anticipated to be a “foreign private issuer” as defined in Rule 3b-4 under the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) and Rule 405 under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”). A “foreign private issuer” as defined as any non-U.S. issuer, other than a foreign government, except any issuer meeting the following conditions:

- (a) more than 50 percent of the outstanding voting securities of such issuer are, directly or indirectly, held of record by residents of the United States; and
- (b) any one of the following:
 - i. the majority of the executive officers or directors are United States citizens or residents, or
 - ii. more than 50 percent of the assets of the issuer are located in the United States, or

- iii. the business of the issuer is administered principally in the United States.

The determination of a majority of voting shares held by U.S. residents is based on either voting power or quantitative number of shares based on CD&I guidance from the United States Securities and Exchange Commission (“**SEC**”). The Resulting Issuer anticipates that it will qualify as a “foreign private issuer” based on an analysis that a majority of the quantitative number of its voting securities are, directly or indirectly, held of record by residents outside the United States.

Should the Resulting Issuer lose its status as a “foreign private issuer”, the Resulting Issuer would become subject to more stringent requirements in offering and selling securities without registration under the U.S. Securities Act or may be required to register its securities under the Exchange Act. In addition, holders of the Resulting Issuer securities may be subject to additional restrictions on resale under United States securities laws. Such requirements may increase Resulting Issuer reporting and disclosure costs and may have an adverse effect on trading of the Resulting Issuer’s securities, liquidity and capital raising opportunities.

Proceeds of crime statutes

The Resulting Issuer will be subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), Sections 1956 and 1957 of Title 18, U.S.C., the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In the event that any of the Resulting Issuer’s license agreements, or any proceeds thereof, in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. While there have been no recent prosecutions of investors in cannabis-related businesses for violation of Sections 1956 or 1957 of Title 18, U.S.C., this could change along with federal enforcement priorities. This could be materially adverse to the Resulting Issuer and, among other things, could restrict or otherwise jeopardize the ability of the Resulting Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

United States tax classification of the Resulting Issuer

The Resulting Issuer, which is and will continue to be a Canadian corporation as of the date of this Listing Statement, generally would be classified as a non-United States corporation under general rules of United States federal income taxation. Section 7874 of the Code, however, contains rules that can cause a non-United States corporation to be taxed as a United States corporation for United States federal income tax purposes. Under section 7874 of the Code, a corporation created or organized outside the United States. (i.e., a non-United States corporation) will nevertheless be treated as a United States corporation for United States federal income tax purposes (such treatment is referred to as an “Inversion”) if each of the following three conditions are met (i) the non-United States corporation acquires, directly or indirectly, or

is treated as acquiring under applicable United States Treasury Regulations, substantially all of the assets held, directly or indirectly, by a United States corporation; (ii) after the acquisition, the former stockholders of the acquired United States corporation hold at least 80% (by vote or value) of the shares of the non-United States corporation by reason of holding shares of the United States acquired corporation, and (iii) after the acquisition, the non-United States corporation's expanded affiliated group does not have substantial business activities in the non-United States corporation's country of organization or incorporation when compared to the expanded affiliated group's total business activities (clauses (i) – (iii), collectively, the “**Inversion Conditions**”).

For this purpose, “expanded affiliated group” means a group of corporations where (i) the non-United States corporation owns stock representing more than 50% of the vote and value of at least one member of the expanded affiliated group, and (ii) stock representing more than 50% of the vote and value of each member is owned by other members of the group. The definition of an “expanded affiliated group” includes partnerships where one or more members of the expanded affiliated group own more than 50% (by vote and value) of the interests of the partnership.

The Resulting Issuer intends to be treated as a United States corporation for United States federal income tax purposes under section 7874 of the Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Resulting Issuer is expected, regardless of any application of section 7874 of the Code, to be treated as a Canadian resident company (as defined in the Income Tax Act (Canada) (the “*ITA*”) for Canadian income tax purposes. As a result, the Resulting Issuer will be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Resulting Issuer will pay any dividends on the common shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the ITA will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Resulting Issuer will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Resulting Issuer, subject to examination of the relevant treaty.

Because the common shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of common shares.

EACH SHAREHOLDER SHOULD SEEK TAX ADVICE, BASED ON SUCH SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

Security risks

The business premises of the Resulting Issuer's operating locations are targets for theft. While the Resulting Issuer has implemented security measures at each location and continues to monitor and improve its security measures, its cultivation, processing and dispensary facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and the Resulting Issuer fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment could have a material adverse impact on the business, financial condition and results of operation of the Resulting Issuer.

As the Resulting Issuer's business involves the movement and transfer of cash which is collected from dispensaries or patients/customers and deposited into its bank, there is a risk of theft or robbery during the transport of cash. The Resulting Issuer has engaged a security firm to provide security in the transport and movement of large amounts of cash. Employees sometimes transport cash and/or products and each employee has a panic button in their vehicle and, if requested, may be escorted by armed guards. While the Resulting Issuer has taken robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

Emerging market risks

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in cannabis industry policies or shifts in political attitude in the countries in which the Resulting Issuer operates may adversely affect its operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licenses, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The Resulting Issuer continues to monitor developments and policies in the emerging markets in which it operates and assess the impact thereof to its operations; however, such developments cannot be accurately predicted and could have an adverse effect on the Resulting Issuer's operations or profitability.

Economic risks inherent in any investment in an emerging market country such as Colombia

Investing in emerging market countries such as Colombia carries economic risks. Economic instability in Latin American and emerging market countries has been caused by many different factors, including high interest rates, changes in currency values, high levels of inflation, exchange controls, wage and price controls, changes in economic or tax policies, the imposition of trade barriers, and internal security issues. Any of these factors may adversely affect the value of the Resulting Issuer Securities.

Restricted access to banking in Colombia

While the Resulting Issuer does not anticipate dealing with banking restrictions, there is a risk that banking institutions in Colombia will not accept payments related to the cannabis industry. Such risks could increase costs for the Resulting Issuer. In the event that financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that the Resulting Issuer may be required to seek alternative payment solutions. The Resulting Issuer's inability to manage such risks may adversely affect the Resulting Issuer's operations and financial performance.

Corruption and fraud

There are uncertainties, corruption and fraud relating to title ownership of real property in emerging market countries such as Colombia. Property disputes over title ownership are frequent in emerging markets, and, as a result, there is a risk that errors, fraud or challenges could adversely affect the Resulting Issuer's ability to operate in such jurisdictions. Any of the foregoing risks and uncertainties could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Operations in Colombia

A material portion of the Resulting Issuer's operations are in Colombia. Such operations expose the Resulting Issuer to the socio-economic conditions as well as the laws governing the cannabis industry in Colombia. Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates, military repression; war or civil war; social and labour unrest; organized crime; hostage taking; terrorism; violent crime; expropriation and nationalization; renegotiation or nullification of existing licenses, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political norms, banking and currency controls and governmental regulations that favour or require the Resulting Issuer to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.

Colombia is also home to South America's largest and longest running insurgency and large swaths of the countryside are under guerrilla influence. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping and extortionist activities and civil unrest in certain areas of the country. Such instability may require the Resulting Issuer to suspend operations on its properties.

Colombia has a history of economic instability or crises (such as inflation or recession). While there is no current political instability, and historically there has been no change in laws and regulations, this is subject to change in the future and could adversely affect the Resulting Issuer's business, financial condition and results of operations.

Fluctuations in the Colombian economy and actions adopted by the Government of Colombia have had and may continue to have a significant impact on companies operating in Colombia, including the Resulting Issuer. Specifically, the Resulting Issuer may be affected by inflation,

foreign currency fluctuations, regulatory policies, business and tax regulations and in general, by the political, social and economic scenarios in Colombia and in other countries that may affect Colombia.

Global economic crises could negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Colombia. Such events could materially and adversely affect the Resulting Issuer's business, financial condition and results of operations.

Colombian legal system

The Colombian legal system may expose the Resulting Issuer to risks such as: (a) effective legal redress in the courts, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (b) a higher degree of discretion on the part of governmental authorities; (c) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (d) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (e) relative inexperience of the judiciary and courts in such matters. The commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain in Colombia, creating particular concerns with respect to licenses and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in Colombia cannot be assured.

Repatriation of earnings risks

Currently there are no restrictions on the repatriation from Colombia of earnings to foreign entities and Colombia has never imposed such restrictions. However, there can be no assurance that restrictions on repatriation of earnings from Colombia will not be imposed in the future. Exchange control regulations require that any proceeds in foreign currency originated on exports of goods from Colombia (including minerals) be repatriated to Colombia. However, purchase of foreign currency is allowed through any Colombian authorized financial entities for purposes of payments to foreign suppliers, repayment of foreign debt, payment of dividends to foreign stockholders and other foreign expenses.

Inflation in Colombia

Colombia has in the past experienced double-digit rates of inflation. If Colombia experiences substantial inflation in the future, the Resulting Issuer's costs in Colombian peso terms will increase significantly, subject to movements in applicable exchange rates. Inflationary pressures may also curtail the Resulting Issuer's ability to access global financial markets in the longer term and its ability to fund planned capital expenditures, and could materially adversely affect the Resulting Issuer's business, financial condition and results of operations. The Colombian government's response to inflation or other significant macro-economic pressures may include the introduction of policies or other measures that could increase the Resulting Issuer's costs, reduce operating margins and materially adversely affect its business, financial condition and results of operations.

Limited trademark protection

The Resulting Issuer will not be able to register any United States federal trademarks for its cannabis products. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is a crime under the Controlled Substances Act, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, the Resulting Issuer likely will be unable to protect its cannabis product trademarks beyond the geographic areas in which it conducts business. The use of its trademarks outside the states in which it operates by one or more other persons could have a material adverse effect on the value of such trademarks.

Third party IP claims

The Resulting Issuer's success may likely depend on its ability to use and develop new extraction technologies, recipes, know-how and new strains of marijuana without infringing the intellectual property rights of third parties. The Resulting Issuer cannot assure that third parties will not assert intellectual property claims against it. The Resulting Issuer is subject to additional risks if entities licensing intellectual property to it do not have adequate rights in any such licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against the Resulting Issuer, it will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Resulting Issuer may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties, to pay ongoing royalties or subject the Resulting Issuer to injunctions prohibiting the development and operation of its applications.

Currency fluctuations

Due to the Resulting Issuer's present operations in the United States, and its intention to continue future operations outside Canada, the Resulting Issuer is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. All or substantially all of the Resulting Issuer's revenue will be earned in U.S. dollars, but a portion of its operating expenses are incurred in Canadian dollars. The Resulting Issuer does not have currency hedging arrangements in place and there is no expectation that the Resulting Issuer will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar, may have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

Lack of access to U.S. bankruptcy protections

Because the use of cannabis is illegal under federal law, and bankruptcy is a strictly federal proceeding, courts have habitually denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the Resulting Issuer were to experience a bankruptcy, U.S. federal bankruptcy protections would not be available to the Resulting Issuer, which would have a material adverse effect. While state-level receivership options do exist in some states as an alternative to bankruptcy, the efficacy of these alternatives cannot be guaranteed.

Potential FDA regulation

Should the federal government legalize cannabis, it is possible that the U.S. Food and Drug Administration (the “**FDA**”), would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations including good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact would be on the cannabis industry is unknown, including what costs, requirements and possible prohibitions may be enforced. If the Resulting Issuer is unable to comply with the regulations or registration as prescribed by the FDA it may have a material adverse effect on the Resulting Issuer’s business, operating results and financial condition.

Legality of contracts

Because the Resulting Issuer’s contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Resulting Issuer may face difficulties in enforcing its contracts in U.S. federal and certain state courts.

More specifically, some courts have determined that contracts relating to state legal cultivation and sale of cannabis are unenforceable on the grounds that they are illegal under federal law and therefore void as a matter of public policy. This could substantially impact the rights of parties making or defending claims involving the Resulting Issuer and any lender or member of the Resulting Issuer.

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Notwithstanding that cannabis related businesses operate pursuant to the laws of states in which such activity is legal under state law, judges have on a number of occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate federal law, even if there is no violation of state law. There remains doubt and uncertainty that the Resulting Issuer will be able to legally enforce contracts it enters into if necessary. As the Resulting Issuer cannot be assured that it will have a remedy for breach of contract, investors must bear the risk of the uncertainty in the law. If borrowers fail or refuse to repay loans and the Resulting Issuer is unable to legally enforce its contracts, the Resulting Issuer may suffer substantial losses for which it has no legal remedy.

Unfavourable publicity or consumer perception

Proposed management of the Resulting Issuer believes the recreational cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the recreational cannabis produced. Consumer perception of the Resulting Issuer’s proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of recreational 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 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 Resulting Issuer’s proposed products and the business, results of operations, financial

condition and cash flows of the Resulting Issuer. The Resulting Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Resulting Issuer, the demand for the Resulting Issuer's proposed products, and the business, results of operations, financial condition and cash flows of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of recreational cannabis in general, or the Resulting Issuer's proposed products specifically, or associating the consumption of 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 appropriately or as directed.

Unpredictability caused by anticipated capital structure and voting control

Although other Canadian-based companies have dual class or multiple voting share structures, given the unique capital structure contemplated in respect of the Resulting Issuer and the concentration of voting control that is anticipated to be held by the founders of Ikānik Farms, this structure and control could result in a lower trading price for or greater fluctuations in the trading price of the Resulting Issuer Subordinate Voting Shares or will result in adverse publicity to the Resulting Issuer or other adverse consequences.

The Resulting Issuer is a holding company

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

The Resulting Issuer will likely need additional capital to sustain its operations and will likely need to seek further financing, which the Resulting Issuer may not be able to obtain on acceptable terms or at all. If the Resulting Issuer fails to raise additional capital, as needed, its ability to implement its business model and strategy could be compromised

The Resulting Issuer expects to require substantial additional capital in the near future to continue the expansion of its business. The Resulting Issuer may not be able to obtain additional financing on terms acceptable to it, or at all. In particular, because marijuana is illegal under United States federal law, the Resulting Issuer may have difficulty attracting investors.

Even if the Resulting Issuer obtains financing for its near-term operations and expansion, the Resulting Issuer expects that it will require additional capital thereafter. Its capital needs will depend on numerous factors including: (i) its profitability; (ii) the release of competitive products by its competition; (iii) the level of its investment in research and development; and (iv) the amount of its capital expenditures, including acquisitions. The Resulting Issuer may not be able to obtain capital in the future to meet its needs.

The Resulting Issuer cannot give any assurance that any additional financing will be available to it, or if available, will be on terms favorable to it. If the Resulting Issuer is unable to raise capital when needed, its business, financial condition, and results of operations would be materially adversely affected, and the Resulting Issuer could be forced to reduce or discontinue its operations.

Sales of substantial amounts of Resulting Issuer Shares may have a material adverse effect on the market price of the Resulting Issuer Shares

The Resulting Issuer may issue additional securities in the future, which may dilute shareholders' holdings. The Resulting Issuer's articles permit the issuance of an unlimited number of Resulting Issuer Subordinate Voting Shares and existing shareholders will have no pre-emptive rights in connection with such further issuance. The Resulting Issuer Board has discretion to determine the price and the terms of further issuances. The Resulting Issuer cannot predict the size of future issuances or the effect that a sale of substantial amounts of Resulting Issuer Shares could have on the prevailing market prices for the Resulting Issuer Shares. A decline in the market prices of the Resulting Issuer Shares could impair the Resulting Issuer's ability to raise additional capital through the sale of securities should it desire to do so.

Volatile market price for the Resulting Issuer Shares

The market price for the Resulting Issuer Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond the Resulting Issuer's control, including, but not limited to the following:

1. actual or anticipated fluctuations in the Resulting Issuer's quarterly results of operations;
2. recommendations by securities research analysts;
3. changes in the economic performance or market valuations of companies in the industry in which the Resulting Issuer will operate;
4. addition or departure of the Resulting Issuer's executive officers and other key personnel;
5. release or expiration of transfer restrictions on outstanding Resulting Issuer Shares;
6. sales or perceived sales of additional Resulting Issuer Shares;
7. operating and financial performance that vary from the expectations of management, securities analysts and investors;
8. regulatory changes affecting the Resulting Issuer's industry generally and its business and operations both domestically and abroad;
9. announcements of developments and other material events by the Resulting Issuer or its competitors;
10. fluctuations to the costs of vital production materials and services;
11. changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
12. significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Resulting Issuer or its competitors;

13. operating and share price performance of other companies that investors deem comparable to the Resulting Issuer or from a lack of market comparable companies; and
14. news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Resulting Issuer's industry or target markets.

Financial markets have, at times, historically 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 Resulting Issuer Shares may decline even if the Resulting Issuer's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted, and the trading price of the Resulting Issuer Shares may be materially adversely affected.

Liquidity

The Resulting Issuer cannot predict at what prices the Resulting Issuer Shares of the Resulting Issuer will trade and there can be no assurance that an active trading market will develop or be sustained. Final approval of the CSE has not yet been obtained. There is a significant liquidity risk associated with an investment in the Resulting Issuer.

No guaranteed return

There is no guarantee that an investment in the Resulting Issuer Subordinate Voting Shares will earn any positive return in the short, medium or long term. There is no assurance that holders of the Resulting Issuer Subordinate Voting Shares will receive cash distributions or any rate of return on, or repayment of, their investment in the Resulting Issuer Subordinate Voting Shares. In fact, an investor could lose its entire investment in the Resulting Issuer Subordinate Voting Shares.

Increased costs as a result of being a public company

As a public issuer, the Resulting Issuer will be subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Resulting Issuer's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Resulting Issuer's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business, financial condition, and results of operations.

Future acquisitions or dispositions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Resulting Issuer's ongoing business; (ii) distraction of management; (iii) the Resulting Issuer may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or

may take longer to realize than expected; (v) increasing the scope and complexity of the Resulting Issuer's operations; and (vi) loss or reduction of control over certain of the Resulting Issuer's assets. Additionally, the Resulting Issuer may issue additional Resulting Issuer Shares in connection with such transactions, which would dilute a shareholder's holdings in the Resulting Issuer.

The presence of one or more material liabilities of an acquired company that are unknown to the Resulting Issuer at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Resulting Issuer. A strategic transaction may result in a significant change in the nature of the Resulting Issuer's business, operations and strategy. In addition, the Resulting Issuer may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Resulting Issuer's operations.

Resulting Issuer's products

As a relatively new industry, there are not many established players in the recreational cannabis industry whose business model the Resulting Issuer can follow or build on the success of. Similarly, there is no information about comparable companies available for potential investors to review in making a decision about whether to invest in the Resulting Issuer.

Shareholders and investors should further consider, among other factors, the Resulting Issuer's prospects for success in light of the risks and uncertainties encountered by companies that, like the Resulting Issuer, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur and they may result in material delays in the operation of the Resulting Issuer's business. The Resulting Issuer may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Resulting Issuer fails to do so, it could materially harm the Resulting Issuer's business to the point of having to cease operations and could impair the value of the Resulting Issuer Securities to the point investors may lose their entire investment.

The Resulting Issuer expects to commit significant resources and capital to develop and market existing products and new products and services. These products are relatively untested, and the Resulting Issuer cannot assure shareholders and investors that it will achieve market acceptance for these products, or other new products and services that the Resulting Issuer may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require the Resulting Issuer to attract additional qualified employees. The failure to successfully develop and market these new products and services could seriously harm the Resulting Issuer's business, financial condition and results of operations.

If the Resulting Issuer is unable to continually innovate and increase efficiencies, its ability to attract new customers may be adversely affected

In the area of innovation, the Resulting Issuer must be able to develop new technologies and products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Resulting Issuer may not be successful in the development, introduction, marketing, and sourcing of new technologies or innovations, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

Information Technology systems and cyberattacks

The Resulting Issuer's operations depend in part on how well it protects networks, equipment, and information technology systems and software against damage from a number of threats, including but not limited to cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Resulting Issuer's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as preemptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component thereof could, depending on the nature of such failure, adversely impact the Resulting Issuer's reputation and results of operations. The Resulting Issuer's risk and exposure to these matters cannot be fully mitigated because of, among other factors, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Resulting Issuer may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Coronavirus (COVID-19) and health crises

Global markets have been adversely impacted by emerging infectious diseases and/or the threat of outbreaks of viruses, other contagions or epidemic diseases, including the novel COVID-19. A significant outbreak could result in a widespread crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn which could adversely affect the Resulting Issuer's business and the price of the Resulting Issuer's securities. Many industries, including the cannabis industry, have been impacted by these market conditions. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on the availability of credit, investor confidence, and general financial market liquidity. In addition, there may not be an adequate response to emerging infectious diseases. There are potentially significant economic and social impacts, including labour shortages and shutdowns, delays and disruption in supply chains, social unrest, government or regulatory actions or inactions, including permanent changes in taxation or policies, delays in permitting or approvals, governmental disruptions or other unknown but potentially significant impacts. At this time the Resulting Issuer cannot accurately predict what effects these conditions will have on its operations or financial results, including due to uncertainties relating to the ultimate geographic spread, the duration of the outbreak, and the length restrictions or responses that have been or may be imposed by the governments. Given the global nature of the Resulting Issuer's operations, the Resulting Issuer may not be able to accurately predict which operations specifically will be impacted.

Risks inherent in an agricultural business

The Resulting Issuer's business involves the growing of recreational cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy costs

The Resulting Issuer's recreational cannabis growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Resulting Issuer and its ability to operate profitably.

Unknown environmental risks

There can be no assurance that the Resulting Issuer will not encounter hazardous conditions at the site of the real estate used to operate its businesses, such as asbestos or lead, in excess of expectations that may delay the development of its businesses. Upon encountering a hazardous condition, work at the facilities of the Resulting Issuer may be suspended. If the Resulting Issuer receives notice of a hazardous condition, it may be required to correct the condition prior to continuing construction. The presence of other hazardous conditions will likely delay construction and may require significant expenditure of the Resulting Issuer's resources to correct the condition. Such conditions could have a material impact on the investment returns of the Resulting Issuer.

Reliance on management

A risk associated with the production and sale of recreational cannabis is the loss of important staff members. Success of the Resulting Issuer will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

Insurance and uninsured risks

The Resulting Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

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

Emerging Industry

The recreational cannabis industry is emerging. There can be no assurance that an active and liquid market for shares of the Resulting Issuer will develop and shareholders may find it difficult

to resell their Resulting Issuer Shares. Accordingly, no assurance can be given that the Resulting Issuer or its business will be successful.

Possible shrinkage or lack of growth in the industry

If no additional states, U.S. territories or countries allow the legal use of marijuana, or if one or more jurisdictions which currently allow marijuana were to reverse position, the Resulting Issuer may not be able to grow, or the market for the Resulting Issuer's products and services may decline. There can be no assurance that the number of jurisdictions which allow the use of marijuana will grow, and if such number does not grow, there can be no assurance that the existing jurisdictions will not reverse position and disallow such use. If either of these events were to occur, not only would the growth of the Resulting Issuer's business be materially impacted in an adverse manner, but the Resulting Issuer may experience declining revenues as the market for its products and services declines.

Dependence on key inputs, suppliers and skilled labour

The marijuana business is dependent on a number of key inputs and their related costs including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. 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, results of operations or prospects of the Resulting Issuer. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Resulting Issuer might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Resulting Issuer in the future. 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, results of operations or prospects of the Resulting Issuer.

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

The Resulting Issuer is dependent upon the acquisition and retention of various licenses

The Resulting Issuer is dependent upon obtaining and keeping various licenses from various municipalities and state licensing agencies. There can be no assurance that any or all licenses necessary to operate the Resulting Issuer's business will be obtained or kept. If a licensing body were to determine that the Resulting Issuer had violated the applicable regulations, such licenses could be revoked. Further, there is no guarantee that the Resulting Issuer will be able to obtain any additional licenses necessary for its business operations.

Tax risks

The Resulting Issuer will operate and will be subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Resulting Issuer's

earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. The Resulting Issuer may have exposure to greater than anticipated tax liabilities or expenses. The Resulting Issuer will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities and the determination of the Resulting Issuer's provision for income taxes and other tax liabilities will require significant judgment.

The Resulting Issuer will be subject to different taxes imposed by the Colombian government and any changes within such tax legal and regulatory framework may have an adverse effect on financial results. All current tax legislation is a matter of public record and the Resulting Issuer will be unable to predict which additional legislation or amendments may be enacted.

Difficulty to forecast

The Resulting Issuer 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 recreational cannabis industry in the states in which the Resulting Issuer's business will operate. 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 Resulting Issuer.

Management of growth

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

Internal controls

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Although the Resulting Issuer will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Resulting Issuer under Canadian securities law, the Resulting Issuer cannot be certain that such measures will ensure that the Resulting Issuer will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and materially adversely affect the trading price of the Resulting Issuer Shares.

Litigation

The Resulting Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Resulting Issuer becomes involved be determined against the Resulting Issuer such a decision could adversely affect the Resulting Issuer's ability to continue operating and the market price for the

Resulting Issuer Shares and could use significant resources. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant resources of the Resulting Issuer and/or the Resulting Issuer.

Product liability

The Resulting Issuer faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Resulting Issuer's products would 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 the Resulting Issuer's products alone or in combination with other medications or substances could occur. The Resulting Issuer may be subject to various product liability claims, including, among others, that the Resulting Issuer's products caused injury or illness or death, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. Many cannabis related companies are subject to strict product liability laws where a cannabis related retailer who sells a defective product to a consumer is subject to liability for any harm that befalls that consumer due to the defect. A product liability claim or regulatory action against the Resulting Issuer could result in increased costs, could adversely affect the Resulting Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer. This area of law is unsettled and there is very little statutory or case law regarding cannabis and products liability.

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

Product recalls

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

Results of future clinical research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as cannabidiol (“**CBD**”) and tetrahydrocannabinol (“**THC**”)) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Resulting Issuer believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of Resulting Issuer Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this Listing Statement or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Resulting Issuer’s products with the potential to lead to a material adverse effect on the Resulting Issuer’s business, operating results or financial condition.

Competition

The Resulting Issuer will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Resulting Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Resulting Issuer.

Because of the early stage of the industry in which the Resulting Issuer operates, the Resulting Issuer expects to face additional competition from new entrants. If the number of users of recreational cannabis in the states in which the Resulting Issuer will operate its business increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of its operations.

A decline in the price of the Resulting Issuer Shares could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of the Resulting Issuer Shares could result in a reduction in the liquidity of its Resulting Issuer Shares and a reduction in its ability to raise capital. Because a significant portion of the Resulting Issuer’s operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Resulting Issuer’s liquidity and its operations. Such reductions may force the Resulting Issuer to reallocate funds from other planned uses and may have a significant negative effect on the Resulting Issuer’s business plan and operations, including its ability to develop new products and continue its current operations. If the Resulting Issuer’s stock price declines, it can offer no assurance that the Resulting Issuer will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Resulting Issuer is unable to raise sufficient capital in the future, the Resulting Issuer may not be able to

have the resources to continue its normal operations.

Research and market development

Although the Resulting Issuer is committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed.

The Resulting Issuer 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 cannabis industry domestically in Canada and in other international jurisdictions.

The Resulting Issuer is operating its business in a relatively new cannabis industry and market. Accordingly, there are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the recreational or medical cannabis industry or market could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition. Due to the early stage of the regulated cannabis industry, forecasts regarding the size of the industry and the sales of products by the Resulting Issuer are inherently difficult to prepare with a high degree of accuracy and reliability. A failure in the demand for 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 Resulting Issuer.

Conflicts of interest

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

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

Newly established legal regime

The Resulting Issuer business activities will rely on newly established and/or developing laws and regulations in the states in which it operates. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Resulting Issuer's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the FDA, Securities and Exchange Commission, the Department of Justice, the Financial Industry Regulatory Advisory or other federal or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the industry may adversely affect the business and operations of the Resulting Issuer, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital.

General economic risks

The Resulting Issuer's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and spending and, consequently, impact the Resulting Issuer's sales and profitability.

A global economic slowdown would cause disruptions and extreme volatility in global financial markets, increased rates of default and bankruptcy, and declining consumer and business confidence, which can lead to decreased levels of consumer spending. These macroeconomic developments have and could negatively impact the Resulting Issuer's business, which depends on the general economic environment and levels of consumer spending. As a result, the Resulting Issuer may not be able to maintain its existing customers or attract new customers, or it may be forced to reduce the price of its products. The Resulting Issuer is unable to predict the likelihood of the occurrence, duration, or severity of such disruptions in the credit and financial markets and adverse global economic conditions. Any general or market-specific economic downturn could have a material adverse effect on the business, financial condition, results of operations, and cash flow of the Resulting Issuer.

As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Resulting Issuer's management.

Global economy

Financial and securities markets in Colombia are influenced by the economic and market conditions in other countries, including other South American and emerging market countries and other global markets. Although economic conditions in these countries may differ significantly from economic conditions in Colombia, investors' reactions to developments in these other countries, such as the recent developments in the global financial markets, may substantially affect the capital flows into Colombia and the market value of securities of issuers with operations in Colombia.

An economic downturn or volatility could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations. The economy of Colombia, where the Resulting Issuer's operations are located, has experienced significant economic uncertainty and volatility during recent years. A weakening of economic conditions could lead to

reductions in demand for the Resulting Issuer’s products. For example, its revenues can be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend on the Resulting Issuer’s products. In addition, as a result of volatile or uncertain economic conditions, the Resulting Issuer may experience the negative effects of increased financial pressures on its clients. For instance, the Resulting Issuer’s business, financial condition and results of operations could be negatively impacted by increased competitive pricing pressure, which could result in the Resulting Issuer incurring increased bad debt expense. If the Resulting Issuer is not able to timely and appropriately adapt to changes resulting from a weak economic environment, its business, results of operations and financial condition may be materially and adversely affected.

A crisis in other emerging market countries could dampen investor enthusiasm for securities of issuers with South American operations. Financial conditions in Argentina, Brazil or other emerging market countries could negatively impact Colombia’s economy in the future. If such fluctuations were to occur, the Resulting Issuer’s business, financial condition and results of operations could be materially and adversely affected.

18. PROMOTERS

Each of Brian Baca, Ryan Ciucki and Bill Keating is a promoter of the Resulting Issuer.

The following table sets out the number and percentage of each class of voting securities and equity securities of the Resulting Issuer beneficially owned, directly or indirectly, or over which control is exercised by the promoters.

Promoter	Office with Resulting Issuer	Number and Percentage (both diluted and undiluted) of Resulting Issuer Securities Owned, Beneficially Held or Controlled
Brian Baca	<i>Chief Executive Officer and Director</i>	15,144,900 / 10.35% / 7.64% ⁽¹⁾
Ryan Ciucki	<i>Chief Financial Officer and Director</i>	3,331,200 / 2.28% / 3.21% ⁽²⁾
William Keating	<i>Chief Operating Officer and Director</i>	2,550,000 / 1.74% / 2.83% ⁽³⁾
Borja Sanz de Madrid	<i>Director</i>	10,575,000 / 7.23% / 5.30% ⁽⁴⁾

Notes:

- (1) Mr. Baca will also own 9,000 Resulting Issuer Series A Options upon completion of the Reverse Take-Over.
- (2) Mr. Ciucki will also own 34,000 Resulting Issuer Series A Options upon completion of the Reverse Take-Over.
- (3) Mr. Keating will also own 3,400,000 Resulting Issuer Options upon completion of the Reverse Take-Over.
- (4) Mr. Sanz de Madrid will also own 550,000 Resulting issuer Options upon completion of the Reverse Take-Over.

The nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoters directly or indirectly from the Resulting Issuer or from a subsidiary of the Resulting Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Resulting Issuer or a subsidiary of the Resulting Issuer in return is set out in Section 15 “Executive

Compensation” above. None of the promoters has contributed any assets to the Resulting Issuer.

19. LEGAL PROCEEDINGS

Other than as disclosed below, there are no actual or pending material legal proceedings to which the Resulting Issuer or any of its predecessors is a party or of which any of its assets are subject. Management of the Resulting Issuer is not aware of any such material legal proceedings contemplated against the Resulting Issuer or any of its predecessors.

In early Fall 2020, Ikänik Farms began to experience performance issues with two of the employees of its subsidiary, Blunt Brothers. Both of these individuals are shareholders and one is also a director of Ikänik Farms. These performance issues, along with discussions regarding the two employees’ renegotiation of their role and compensation, were raised with these individuals on multiple occasions between approximately October 2020 and December 2020. In mid-January, Ikänik Farms presented new offers of employment which were rejected by each of the employees in early February 2021. On February 26, 2021, Ikänik Farms received certain demands for information from counsel to these individuals. Ikänik Farms responded by offering (on several occasions) to provide access to all appropriate information. At the same time, these individuals made certain allegations of impropriety against Blunt Brothers and Ikänik Farms. On March 15, 2021, these individuals threatened to report Ikänik Farms to the appropriate authorities in connection with the allegations previously made. In a letter sent the same day, these individuals demanded, while employed, certain significant financial monthly and quarterly payments, to receive funding from the company for their own projects and other benefits on a go-forward basis as “independent contractors”, implicitly in exchange for not reporting the alleged misconduct. In light of the aforementioned performance issues with these individuals, alleged threats and demand for financial payments against Ikänik Farms, these individuals were terminated as employees for cause on March 19, 2021. Prior to termination, the company received consultation from its employment counsel and corporate counsel in California. Although management and the Ikänik Farms board of directors believe that all of the allegations made by these individuals against Ikänik Farms are without merit, the board has nevertheless directed an independent investigation of the allegations.

Holding Entity	License/Permit Type	License/Permit Number	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
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There are no penalties or sanctions imposed against the Resulting Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of this Listing Statement. There are no other penalties or sanctions imposed by a court or regulatory body against the Resulting Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed. There are no settlement agreements that the Resulting Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Listing Statement.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Pursuant to a sponsorship agreement entered into on August 1, 2020 between Ikänik Farms and JJ Thomas (a director of Ikänik Farms), Ikänik Farms pays USD\$3,000 per month to JJ Thomas to serve as a sponsored ambassador. During the year ended December 31, 2020, Ikänik Farms paid fees in the amount of USD\$5,000 for services performed to Revive West, LLC, a temporary staffing and administration services company for which Ryan Ciucki owns 37% of. Pursuant to the Securities Exchange Agreement, Brian Baca exchanged 100 shares in Cannus for 1 Ikänik Farms Series A Share and 6,140,426 shares in Ikänik Subco for 150,611 Ikänik Farms Series A Shares and Ryan Ciucki exchanged 1,329,107 shares in Ikänik Subco for 32,600 Ikänik Farms Series A Shares. For further details on the share contribution and exchange agreement, please see Section 3.1.2 “*General Development of the Business – Ikänik Farms*” above.

21. AUDITORS, TRANSFER AGENT AND REGISTRAR

21.1 Auditors

The auditors of the Resulting Issuer are Macias Gini & O’Connell LLP, through its offices in Irvine, California.

21.2 Transfer Agent and Registrar

The Transfer Agent and registrar for the Resulting Issuer’s securities is Odyssey Trust Company, through its offices in Calgary, Alberta.

22. MATERIAL CONTRACTS

Except for the material contracts entered into in the ordinary course of business, set out below are the material contracts of the Resulting Issuer and its subsidiaries:

- The Debenture Indenture entered into pursuant to the Ikänik Farms 2019 Private Placement;
- The Definitive Agreement dated April 2, 2019;
- The Subscription Agreement; and
- The Resulting Issuer’s Licenses set out below:

Blunt Brothers	Type 11 Adult-Use and Medicinal Provisional Distribution License	C11-0000499-LIC	Granted 6/26/2020 Expires 6/25/2021	BCC Issued State License
	Commercial Cannabis Permit-Distribution	CBP19-01	Granted 10/2/2019 Expires 10/1/2022	Local Business Permit
Ikänik Subco	Local Conditional Use Permit	MCUP 20-01	Granted 1/22/2020	Local land use entitlement authorizing: <ul style="list-style-type: none"> • Adult Use Cultivation • Adult Use Manufacturing • Adult Use and Medical Distribution
	Local Conditional Use Permit	CUP 17-01	Granted 3/7/2017	Local land use entitlement authorizing: <ul style="list-style-type: none"> • Medical Cultivation • Medical Manufacturing
	Adult Use Cannabis Cultivation Permit	AUCC-19-35	Granted 7/23/2019 (Renewal application submitted 7/22/2020)	Local Business Permit
	Adult Use Cannabis Distribution/Transportation Permit	AUCDT 19-38	Granted 10/26/2020 Expires 10/26/2021	Local Business Permit
High End	Conditional Use Permit	C-2018-036	Granted 10/07/2019 Expires 6/30/2021	Local Business Permit
THCA	Local Conditional Use Permit	CUP-Z17-060	Granted 9/22/2017	Local land use entitlement authorizing cultivation
	Local Conditional Use Permit	MCUP-Z19-095	Granted 10/16/2019	Local land use entitlement authorizing: <ul style="list-style-type: none"> • Cultivation • Manufacturing and • Distribution
Pideka	Manufacture of Cannabis Derivatives License	Resolution 2020037031	Approved: 10/29/2020 (Recertification of original license from 4/10/2017 Res. 001108) Expiration: 4/02/2024	Issued by INVIMA Modalities for: national Use; Scientific Research; Export
	Cultivation of Psychoactive Cannabis License	Ministry of Justice and Law, Resolution 929 (Modified Resolution 0758)	Approved: July 2020 (Modification of original license from 10/18/2019) Expiration: 08/23	Issued by the Ministry of Justice and Law For the cultivation of psychoactive cannabis plants, which may include sowing, seed acquisition and production, storage, marketing, distribution and disposal, as well as export and use for medical and scientific purposes. License with the inclusion of new areas (cellars 1 - 4), and the inclusion of a modality for scientific purposes, for the cultivation of psychoactive cannabis plants
	Cultivation of Non-Psychoactive Cannabis License	Resolution 928 (Modified Resolution 1322)	Approved: July 2020 (Modification of the original license from 10/11/2019) Expiration: 10/24	Issued by the Ministry of Justice and Law To advance the cultivation activities of cannabis plants with a percentage of THC of less than 1% on a dry weight basis, which may include the sowing, acquisition and production of seeds; storage, marketing, distribution and final disposal of plants, export and use

			for medical and scientific purposes License with the inclusion of new areas (cellars 1 - 4), and the inclusion of a modality for scientific purposes, for the cultivation of non-psychoactive cannabis plants
Good Manufacturing Practices (GMP)-Pharma Certification	CO20/962340	Approved: 1/30/2020 Expiration: 1/29/2023	Validates the medicinal cannabis products that are going to be exported to the global pharmaceutical industry
Good Agricultural Practices for Medicinal Cannabis (GACP) Certification	Number 0002	Approved: 12/20/2019 Expiration: 12/19/2020	All cultivation-related operations
GMP-C Certification	CO20 / 962340	Approved: 1/30/2020 Expiration: 1/29/2023	Issued by SGS Colombia and covers the production and transformation processes of pharmaceutical products derived from medicinal cannabis Allows for integration of all Colombian national level requirements (BPA, BPM, INVIMA, ICA, GOBIERNO, ISO 9001, SG-SST, etc.), as well as compliance with EU-GMP, EU-GACP, GDP, GPP, etc. at the international level.
Cultivar Record	Resolution No. 066134	Approved: April 2020 Expiration: N/A	Issued by ICA Produce, propagate, import, export and / or market seeds of the variety LA MAGDALENA THC
Cultivar Record	ICA, Resolution No. 066133	Approved: April 2020 Expiration: N/A	Issued by ICA Produce, propagate, import, export and / or market seeds of the variety BLANCA EXTRA CBD
Cultivar Record	ICA, Resolution No. 066132	Approved: April 2020 Expiration: N/A	Issued by ICA Produce, propagate, import, export and / or market seeds of the variety BACATA EXTRA CBD
Cultivar Record	ICA, Resolution No. 066136	Approved: April 2020 Expiration: N/A	Issued by ICA Produce, propagate, import, export and / or market seeds of the variety TOLIMA LIMON THC
Cultivar Record	ICA, Resolution No. 066135	Approved: April 2020 Expiration: N/A	Issued by ICA Produce, propagate, import, export and / or market seeds of the variety PIÑA NARIÑO THC
Cultivar Record	ICA, Resolution No. 066131	Approved: April 2020 Expiration: N/A	Issued by ICA Produce, propagate, import, export and / or market seeds of the variety AREQUIPE KUSH THC
Registration as Agronomical Evaluation Unit	Resolution No. 00003625	Approved: 3/28/2019 Expiration: N/A	Allows registration of genetics before ICA
Registration as Seed Producer	Resolution No. 00003639	Approved: 3/28/2019 Expiration: N/A	Allows the production and marketing of seeds

Supplementary Fabrication of Cannabis Derivatives Quota	Resolution No. 00002688	Approved: 10/8/2019 Expiration: Annual	Quota: 62.52 Kg of dried cannabis flower for the manufacture of derivatives in the National Use modality
Supplementary Quota for Psychoactive Cannabis Plants in Modality of Production of Seeds	Resolution No. 1038	Approved 8/21/2019 Expiration: Annual	Quota: 40 plants, for the production of seeds for the sowing of psychoactive cannabis (establishment of mother plants)
Supplementary Quota for growing psychoactive Cannabis Plants in Modality of fabrication of derivatives	Resolution No. 1217	Approved 10/10/2019 Expiration: Annual	Quota: 500 psychoactive cannabis plants in the manufacturing modality of derivatives for the development of agronomic evaluation tests
Supplementary Fabrication of Cannabis Derivatives Quota	Resolution No. 1474	Approved 08/28/2020 Expiration: 12/31/20	Quota: 132 Kg of dried cannabis flower for the manufacture of derivatives in the National Use modality
Supplementary Quota for growing psychoactive Cannabis Plants in Modality of fabrication of derivatives	Resolution No. 1248	Approved 08/14/2020 Expiration: 12/31/20	Quota: 960 psychoactive cannabis plants in the manufacturing modality of derivatives
ISO 9001: 2015 Production and Processing of Cannabis-Based Pharmaceutical Products	CO21/962591	Approved 01/07/2021 Expiration: 01/06/2024	Production and transformation of pharmaceutical products made of cannabis.

23. INTEREST OF EXPERTS

The financial statements of Ikänik Farms for the year ended December 31, 2019 have been audited by Macias Gini & O'Connell LLP and the audit report dated March 18, 2021 is included in this Listing Statement. The financial statements of Ikänik Farms for the period ended December 31, 2018 have been audited by Hall & Company and the audit report dated January 13, 2020 is included in this Listing Statement. Macias Gini & O'Connell LLP are the independent auditors of Ikänik Farms and are independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario).

The audited financial statements of CIVC for the years ended November 30, 2020, 2019 and 2018, have been audited by Davidson & Company LLP and the audit report dated March 19, 2020, is included in this Listing Statement. Davidson & Company LLP are independent with respect to CIVC within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario).

No other person or company who is named as having prepared or certified a part of this Listing Statement or prepared or certified a report or valuation described or included in this Listing Statement has, or will have immediately following completion of the Reverse Take-Over, any direct or indirect interest in the Resulting Issuer or CIVC.

24. OTHER MATERIAL FACTS

There are no other material facts that are not elsewhere disclosed herein and which are necessary in order for this document to contain full, true and plain disclosure of all material facts relating to the Resulting Issuer and its securities.

25. FINANCIAL STATEMENTS

The annual financial statements of CIVC as at and for the years ended November 30, 2020, 2019 and 2018 are attached hereto as Appendix B.

The annual financial statements of Ikänik Farms as at and for the three and nine months ended September 30, 2020, for the year ended December 31, 2019 and the period from incorporation (April 25, 2018) to December 31, 2018 are attached hereto as Appendix C.

The pro forma consolidated financial statements of the Resulting Issuer are attached hereto as Appendix D.

The annual MD&A of CIVC as at and for the years ended November 30, 2020, 2019 and 2018 are attached hereto as Appendix E.

The annual MD&A of Ikänik Farms as at and for the three and nine months ended September 30, 2020 and for the year ended December 31, 2019 is attached hereto as Appendix F.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by the Resulting Issuer Board, the Resulting Issuer, hereby applies for the listing of the above mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to the Resulting Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario, this 30th day of March, 2021.

(signed) "*Brian Baca*"

Chief Executive Officer

Brian Baca

(signed) "*Ryan Ciucki*"

Chief Financial Officer

Ryan Ciucki

(signed) "*William Keating*"

Director

William Keating

(signed) "*Borja Sanz de Madrid*"

Director

Borja Sanz de Madrid

CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to Ikänik Farms Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario, this 30th day of March, 2021.

(signed) "Brian Baca"

Chief Executive Officer

Brian Baca

(signed) "Ryan Ciucki"

Chief Financial Officer

Ryan Ciucki

(signed) "William Keating"

Director

William Keating

(signed) "Borja Sanz de Madrid"

Director

Borja Sanz de Madrid

CERTIFICATE OF THE PROMOTERS

The foregoing contains full, true and plain disclosure of all material information relating to Ikänik Farms Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario, this 30th day of March, 2021.

(signed) "*Brian Baca*"

Promoter

Brian Baca

(signed) "*Ryan Ciucki*"

Promoter

Ryan Ciucki

(signed) "*William Keating*"

Promoter

William Keating

(signed) "*Borja Sanz de Madrid*"

Promotor

Borja Sanz de Madrid

APPENDIX A
DEFINITIVE AGREEMENT

[See attached.]

BUSINESS COMBINATION AGREEMENT

AMONG

CANADIAN IMPERIAL VENTURE CORP.

- and -

CANNUS PARTNERS INC. d/b/a Ikanic Farms

- and -

11326937 CANADA INC.

Dated April 2, 2019

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BUSINESS COMBINATION AGREEMENT

THIS AGREEMENT dated April 2, 2019 is made

AMONG:

CANADIAN IMPERIAL VENTURE CORP., a corporation existing under the *Business Corporations Act* (British Columbia)

(hereinafter referred to as “**CIVC**”)

- and -

CANNUS PARTNERS INC. d/b/a Ikanic Farms, a company existing under the *Canada Business Corporations Act*

(hereinafter referred to as “**Cannus**”)

-and -

11326937 CANADA INC., a company existing under the *Canada Business Corporations Act*

(hereinafter referred to as “**CIVC Subco**”)

WHEREAS CIVC is a reporting issuer in the provinces of British Columbia, Ontario and Alberta whose common shares are listed on the NEX board of the TSX Venture Exchange (the “**TSXV**”);

AND WHEREAS Cannus is engaged in the Cannus Business (as defined herein);

AND WHEREAS CIVC desires to acquire all of the issued and outstanding shares of Cannus by means of a three-cornered amalgamation among CIVC, Cannus and CIVC Subco;

AND WHEREAS the Parties wish to make certain representations, warranties, covenants and agreements in connection with the Business Combination (as hereinafter defined);

NOW THEREFORE, in consideration of the mutual benefits to be derived and the representations and warranties, conditions and promises herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE 1 GENERAL

1.1 Defined Terms

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in Schedule A and Schedule D.

1.2 Business Combination

- (a) Cannus and CIVC agree to combine their respective businesses and assets by way of a “three-cornered” amalgamation among CIVC, CIVC Subco and Cannus.
- (b) As soon as reasonably practicable following the execution and delivery of this Agreement:
 - (i) CIVC shall call and hold the CIVC Meeting to approve and authorize (collectively, the “**CIVC Resolutions**”):
 - (A) the de-listing of the CIVC Shares from the TSXV, which approval shall be from a majority of the CIVC Shareholders;
 - (B) the amendment to the articles of CIVC to create the new classes of shares set out in the definition of New CIVC Shares, which approval shall be from a majority of the CIVC Shareholders and shall meet all of the requirements of a “restricted security reorganization” under National Instrument 41-101 – *General Prospectus Requirements* and a “reorganization” under OSC Rule 56-501 – *Restricted Shares*;
 - (C) the New Incentive Plan;
 - (D) the conditional election of the New CIVC Directors;
 - (E) the conditional change of CIVC’s auditors to auditors specified by Cannus; and
 - (F) such other matters as Cannus may reasonably request.
 - (ii) Cannus shall use commercially reasonable efforts to either obtain a written consent of all the Cannus Shareholders or to call and hold the Cannus Meeting to approve and authorize (the “**Cannus Resolutions**”) the Amalgamation; and
 - (iii) CIVC shall sign a written consent resolution as sole shareholder of CIVC Subco passing the CIVC Subco Amalgamation Resolution.
- (c) Prior to the Effective Time, CIVC shall obtain board approval for and shall complete and file Articles of Amendment, in the prescribed form, giving effect to the Consolidation, the Name Change and, if determined necessary by Cannus, creating the New CIVC SV Shares and the New CIVC Series A Multiple Voting Shares, upon and subject to the terms of this Agreement.
- (d) Upon the CIVC Subco Amalgamation Resolution being passed by CIVC and the Cannus Resolutions being passed by the Cannus Shareholders, in accordance with the requirements of the CBCA, and the filing of the Articles of Amendment set forth in paragraph (c) above, CIVC Subco and Cannus

shall jointly complete and file a Form 9 (Articles of Amalgamation), Form 2 (Initial Registered Office Address and First Board of Directors) and a statutory declaration from a director or officer of each amalgamating corporation with Corporations Canada under the CBCA, substantially in the form set forth in Schedule B hereto giving effect to the Amalgamation of CIVC Subco and Cannus upon and subject to the terms of this Agreement.

- (e) Upon the issue of a Certificate of Amalgamation giving effect to the Amalgamation, CIVC Subco and Cannus shall be amalgamated and shall continue as one company effective on the date of the Certificate of Amalgamation (the “**Effective Date**”) under the terms and conditions prescribed in this Agreement.
- (f) Immediately before the Effective Time, each outstanding Cannus Common Share Convertible Debenture will automatically convert into Cannus Common Shares and Cannus Common Share Warrants and each outstanding Cannus Series A Convertible Debenture will automatically convert into Cannus Series A Shares and Cannus Series A Warrants.
- (g) At the Effective Time and as a result of the Amalgamation:
 - (i) each Cannus Common Shareholder (other than Cannus Dissenting Shareholders who do not exchange their Cannus Common Shares for New CIVC SV Shares on the Amalgamation) shall receive one fully paid and non-assessable New CIVC SV Share for each Cannus Common Share held, following which all such Cannus Common Shares shall be cancelled;
 - (ii) each Cannus Series A Shareholder (other than Cannus Dissenting Shareholders who do not exchange their Cannus Series A Shares for New CIVC Series A Multiple Voting Shares on the Amalgamation) shall receive one fully paid and non-assessable New CIVC Series A Multiple Voting Share for each Cannus Series A Share held, following which all such Cannus Series A Shares shall be cancelled;
 - (iii) each of the issued and outstanding Cannus Options will be adjusted to reflect the Amalgamation such that upon the exercise of each Cannus Option in accordance with its terms the holder shall receive one New CIVC SV Share or one New CIVC Series A Multiple Voting Share at the current exercise price of such Cannus Option, in lieu of the number of Cannus Shares otherwise issuable upon such exercise;
 - (iv) each of the issued and outstanding Cannus Warrants shall be exchanged for New CIVC Warrants, and each such New CIVC Warrant may be exercised for one New CIVC SV Share or one New CIVC Series A Multiple Voting Share, as applicable, at the exercise price and for the term contemplated in each Cannus Warrants;

- (v) each of the issued and outstanding Cannus Broker Rights shall be exchanged for New CIVC Broker Warrants, and each such New CIVC Broker Warrant may be exercised for one New CIVC SV Share at the exercise price and for the term contemplated in each Cannus Broker Right;
- (vi) CIVC shall receive one fully paid and non-assessable Amalco Share for each CIVC Subco Share held by CIVC, following which all such CIVC Subco Shares shall be cancelled;
- (vii) in consideration of the issuance of New CIVC Shares pursuant to paragraphs 1.2(g)(i) and (ii), Amalco shall issue to CIVC one Amalco Share for each New CIVC SV Share issued, and one hundred (100) Amalco Shares for each New CIVC Series A Multiple Voting Share issued;
- (viii) CIVC shall add to the stated capital maintained in respect of the New CIVC Shares an amount equal to the aggregate paid-up capital for purposes of the ITA of the Cannus Shares immediately prior to the Effective Time (less the paid-up capital of any Cannus Shares held by dissenting Cannus Shareholders who do not exchange their Cannus Shares for New CIVC Shares on the Amalgamation);
- (ix) Amalco shall add to the stated capital maintained in respect of the Amalco Shares an amount such that the stated capital of the Amalco Shares shall be equal to the aggregate paid-up capital for purposes of the ITA of the CIVC Subco Shares and Cannus Shares immediately prior to the Amalgamation;
- (x) no fractional New CIVC Shares shall be issued to Cannus Shareholders and in lieu of any fractional entitlement, the number of New CIVC Shares issued to each former Cannus Shareholder shall be rounded down to the next lesser whole number of New CIVC Shares;
- (xi) CIVC shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to transactions contemplated by this Agreement to any Cannus Shareholder such amounts as are required to be deducted and withheld with respect to such payment under the ITA or any provision of provincial, state, local or foreign tax law, in each case as amended; to the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Cannus Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority; and
- (xii) Amalco will become a wholly-owned subsidiary of CIVC.

- (h) At the Effective Time:
- (i) Each shareholder in paragraphs 1.2(g)(i), and (g)(ii), shall become the registered holders of the New CIVC Shares to which they are entitled, calculated in accordance with the provisions hereof, and the holders of share certificates representing such Cannus Shares may surrender such certificates to CIVC's registrar and transfer agent and, upon such surrender, shall be entitled to receive and, as soon as reasonably practicable following the Effective Time, shall receive, share certificates representing the number of New CIVC Shares to which they are so entitled; and
 - (ii) CIVC shall become the registered holder of the Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof, and shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof.
- (i) At the Effective Time, each Cannus Share held by a Cannus Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of any Encumbrance, to Amalco and Amalco shall thereupon be obliged to pay the amount therefor determined and payable in accordance with Section 2.1 hereof, the name of such holder shall be removed from the central securities register as a holder of Cannus Shares and such Cannus Dissenting Shareholder will cease to have any rights as a Cannus Shareholder other than the right to be paid the fair value of its Cannus Shares in accordance with Section 2.1.
- (j) If a Cannus Dissenting Shareholder fails to perfect or effectively withdraws its claim under section 190 of the CBCA or forfeits its right to make a claim under section 190 of the CBCA or if its rights as a Cannus Shareholder are otherwise reinstated, such holder's Cannus Shares shall thereupon be deemed to have been exchanged as of the Effective Time as prescribed by paragraphs 1.2(g)(i), and (g)(ii), as applicable, as further described in Section 2.1.
- (k) Subject to the approval of the resolutions approving the Name Change and, if determined necessary by Cannus, creating the New CIVC SV Shares and the New CIVC Series A Multiple Voting Shares, by the CIVC Shareholders in accordance with the requirements of the BCBCA and immediately following the Effective Time, CIVC shall complete and file Articles of Amendment, in the prescribed form, giving effect to the changes described in this Section 1.2(k) upon and subject to the terms of this Agreement.
- (l) For United States federal income tax purposes, the Amalgamation is intended to constitute a reorganization within the meaning of Section 368(a) of the Code and the parties hereby shall treat the Amalgamation consistent therewith for United States federal, state and other relevant tax purposes (unless otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code), and shall use their respective reasonable

best efforts to cause the Amalgamation to qualify as a reorganization under Section 368(a) of the Code. The parties to this Agreement hereby adopt this Agreement as a “plan of reorganization” within the meaning of Sections 1.368-2(g) and 1.368-3(a) of the United States Treasury Regulations. Furthermore, the parties hereto shall not take any action, and shall not permit or cause any affiliate or any subsidiary to take any action or cause any action to be taken, that could reasonably be expected to prevent the Amalgamation from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

1.3 Amalco

- (a) **Name.** The name of Amalco shall be “Cannus Partners Amalco 2019 Inc.”.
- (b) **Registered and Records Offices.** The address of the registered and records offices of Amalco shall be: 40 King Street West, Suite 2100, Scotia Plaza, Toronto, Ontario, Canada M5H 3C2.
- (c) **Authorized Capital.** Amalco shall be authorized to issue an unlimited number of Amalco Shares.
- (d) **Restrictions on Share Transfer.** The right to transfer securities (including for greater clarity Amalco Shares), other than non-convertible debt securities, shall be restricted and no such securities shall be transferred without the consent of either:
 - (i) the directors of Amalco, expressed by a resolution passed by a majority of the board of directors of Amalco at a meeting of directors or by an instrument or instruments in writing signed by all of the directors of Amalco; or
 - (ii) the holder or holders of a majority of the outstanding shares of Amalco entitled to vote expressed by resolution passed at a meeting of the shareholders of Amalco or by an instrument or instruments in writing signed by the holder or holders of a majority of the outstanding shares of Amalco entitled to vote at meetings of shareholders of Amalco.
- (e) **Directors and Officers.** The directors and officers of Amalco shall be the Persons whose names and business addresses appear below.

Full Name & Address	Position
Brian Baca <i>[Redacted text relating to personal information]</i>	Chief Executive Officer, President and Director
Ryan Ciucki <i>[Redacted text relating to personal information]</i>	Chief Financial Officer, Director
William Keating <i>[Redacted text relating to personal information]</i>	Chief Operating Officer, Director, Secretary

Chad White <i>[Redacted text relating to personal information]</i>	Director
--	----------

- (f) **Articles.** The articles of Amalco shall be in the form attached hereto as Schedule C.
- (g) **Restriction on Business.** There shall be no restrictions on the business which Amalco is authorized to carry on.
- (h) **Fractional Shares.** No fractional shares will be issued on the Amalgamation and any entitlement to a fractional share will be rounded down to the next whole share.
- (i) **Financial Year End.** The financial year end of Amalco shall be December 31 in each year.
- (j) **Compliance.** The Amalgamation shall be completed in compliance with section 184(2) (“horizontal short form”) of the CBCA.

1.4 Board of Directors and Officers of CIVC

Each of the Parties hereby agree that pursuant to the CIVC Resolutions, the board of directors of CIVC as of the Effective Time shall consist of five (5) directors (collectively, the “**New CIVC Directors**”) to be determined by Cannus and management of CIVC as of the Effective Time shall consist of individuals chosen by Cannus (collectively, the “**New CIVC Management**”).

ARTICLE 2 DISSENT RIGHTS

2.1 Dissent Rights

Registered Cannus Shareholders may exercise rights of dissent (“**Dissent Rights**”) from the Amalgamation pursuant to and in the manner set forth under section 190 of the CBCA, provided that holders who exercise such rights of dissent and who:

- (a) are ultimately entitled to be paid fair value for their Cannus Shares, which fair value shall be the fair value of such shares as at the close of business on the day prior to the Cannus Meeting, shall be paid an amount equal to such fair value by Amalco; and
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Cannus Shares, shall be deemed to have participated in the Amalgamation, as of the Effective Time, on the same basis as a non-dissenting holder of Cannus Shares and shall be entitled to receive only the consideration contemplated in subsection 1.2(g) hereof that such holder would have received pursuant to the Amalgamation if such holder had not exercised Dissent Rights;

but in no case shall CIVC, CIVC Subco, Cannus or any other Person be required to recognize holders of Cannus Shares who exercise Dissent Rights as holders of Cannus Shares after the time that is immediately prior to the Effective Time, and the names of such holders of Cannus Shares who exercise Dissent Rights shall be deleted from the register of Cannus Shareholders at the Effective Time. In no circumstances shall CIVC, CIVC Subco, Cannus or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of Cannus Shares in respect of which such Dissent Rights are sought to be exercised. A registered holder of Cannus Shares is not entitled to exercise Dissent Rights with respect to Cannus Shares if such holder votes (or instructs, or is deemed, by submission of any incomplete proxy, to have instructed his, her or its proxyholder to vote) in favour of the resolution approving the Amalgamation at the Cannus Meeting.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF CANNUS AND THE PRINCIPAL VENDOR

Cannus and the Principal Vendor hereby represent and warrant to and in favour of CIVC and CIVC Subco as follows and acknowledges that CIVC and CIVC Subco are relying on such representations and warranties in connection with this Agreement and completing the transactions contemplated herein:

3.1 Organization and Good Standing

- (a) Cannus is a company duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation and is qualified to transact business and is in good standing as a foreign corporation in the jurisdictions where it is required to qualify in order to conduct its business as presently conducted, except where the failure to be so qualified would not have a Material Adverse Effect on Cannus.
- (b) Cannus has the corporate power and authority to own, lease or operate its properties and to carry on its business as now conducted.
- (c) Cannus owns, directly or indirectly, all of the issued and outstanding shares or interests in the capital of each Cannus subsidiary free and clear of all encumbrances mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands of any kind whatsoever, all of such shares or interests have been duly authorized and are validly issued and are outstanding as fully paid and non-assessable. No person has any right, agreement, or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option for the purchase from Cannus or its subsidiaries of any interest in any of such shares or interests or for the issue or allotment of any unissued shares or interests in the capital of any subsidiary or any other security convertible into or exchangeable for any such shares.
- (d) Other than in respect to U.S. Marijuana Laws, each of Cannus and its subsidiaries is conducting its business in compliance in all material respects with all applicable Laws of each jurisdiction in which it carries on business or holds assets (including all applicable federal, state, municipal and local

environmental anti-pollution and licensing laws, regulations and other lawful requirements of any governmental or regulatory body, including all Governmental Authorities), holds all permits, licences, certificates, consents and like authorizations necessary for it to carry on its business in each jurisdiction where such business is carried on that are material to the conduct of the business of each of Cannus and its subsidiaries including, but not limited to, permits and/or licences to grow, process, and dispense cannabis and cannabis-derived products (collectively, the “**Permits**”) under all such laws and is in compliance in all material respects with all terms of such Permits, all such Permits are valid and in good standing, and Cannus has not received a notice of non-compliance, or knows of, or has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws and that would be material to the business of Cannus.

- (e) Each of Cannus or any of its subsidiaries are the absolute legal and beneficial owners of, and have good and marketable title to, all of the material properties and assets thereof, and no other property or assets are necessary for the conduct of the business of Cannus or any of the subsidiaries as currently conducted. Any and all of the agreements and other documents and instruments pursuant to which Cannus or any of its subsidiaries, as applicable, hold the property and assets thereof (including any interest in, or right to earn an interest in, any intellectual property) are valid and subsisting agreements, documents and instruments in full force and effect, enforceable in accordance with the terms thereof, and to the knowledge of Cannus the other party or parties thereto, in accordance with the terms thereof except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law, and such properties and assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated, and all material leases, licenses and other agreements pursuant to which Cannus or its subsidiaries derive the interests in such property are in good standing. Cannus does not know of any claim or the basis for any claim, except under the U.S. Marijuana Laws, that would reasonably be expected to materially and adversely affect the right of Cannus or any of its subsidiaries to use, transfer or otherwise exploit their respective assets, none of the properties (or any interest in, or right to earn an interest in, any property) of Cannus or any of its subsidiaries is subject to any right of first refusal or purchase or acquisition right, and neither Cannus nor any of its subsidiaries have any responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the property and assets thereof.
- (f) None of Cannus or any of its subsidiaries is in violation of its constating documents or in default in any material respect in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement,

note, lease, license or other agreement or instrument to which it is a party or by which it or its property or assets may be bound.

- (g) All of Cannus' material agreements are valid, subsisting, in good standing and in full force and effect, enforceable in accordance with the terms thereof in all material respects, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the act that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law. Each of Cannus and its subsidiaries has performed all obligations (including payment obligations) in a timely manner under, and are in material compliance with all terms, conditions and covenants contained in each material agreement except for any non-compliance which would not reasonably be expected to have a Material Adverse Effect and, to the knowledge of Cannus, no other party is in breach, violation or default of any material term under any material agreement. To the knowledge of Cannus, there exists no threatened termination, cancellation or limitation of, or any material adverse modification or material change in, the business relationship of Cannus or any of its subsidiaries, with any supplier or customer, or any group of suppliers or customers whose business with or whose purchases or inventories/components provided to the business of Cannus are individually or in the aggregate material to the assets, business, properties, operations or financial condition of Cannus and its subsidiaries

3.2 Consents, Authorizations, and Binding Effect

- (a) Cannus may execute, deliver and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:
 - (i) the Cannus Resolutions being passed by the holders of the Cannus Shares;
 - (ii) consents, approvals, authorizations and waivers which have been obtained (or will be obtained prior to the Effective Date) and are unconditional, and in full force and effect, and notices which have been given on a timely basis;
 - (iii) the filing of a Form 9 (Articles of Amalgamation) under the CBCA, Form 2 (Initial Registered Office Address and First Board of Directors) and a statutory declaration from a director or officer of each amalgamating corporation with Corporations Canada; and
 - (iv) those which, if not obtained or made, would not prevent or delay the consummation of the Amalgamation or otherwise prevent Cannus from performing its obligations under this Agreement and would not be reasonably likely to have a Material Adverse Effect on Cannus.

- (b) Cannus has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to complete the Amalgamation, subject to the Cannus Resolutions being passed by the Cannus Shareholders.
- (c) At the Effective Time, all consents, approvals, permits, authorizations or filings as may be required to be made or obtained by Cannus under applicable Laws necessary for the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will have been made or obtained, as applicable.
- (d) The board of directors of Cannus has:
 - (i) approved the Business Combination and the execution, delivery and performance of this Agreement; and
 - (ii) directed that the Cannus Resolutions be submitted to the Cannus Shareholders, and recommended it be passed.
- (e) This Agreement has been duly executed and delivered by Cannus and constitutes a legal, valid, and binding obligation of Cannus, enforceable against it in accordance with its terms, except:
 - (i) as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and
 - (ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defences and to the discretion of the court before which any proceeding therefor may be brought.
- (f) The execution, delivery, and performance of this Agreement will not:
 - (i) constitute a violation of the articles or by-laws, as amended, of Cannus;
 - (ii) conflict with, result in the breach of or constitute a default or give to others a right of termination, cancellation, creation or acceleration of any obligation under or the loss of any material benefit under or the creation of any benefit or right of any third party under any material Contract, material permit or material license to which Cannus is a party or as to which any of its property is subject which would in any such case have a Material Adverse Effect on Cannus;
 - (iii) constitute a violation of any Law applicable or relating to Cannus or its business except for such violations which would not have a Material Adverse Effect on Cannus; or

- (iv) result in the creation of any lien upon any of the assets of Cannus other than such liens as would not have a Material Adverse Effect on Cannus.
- (g) Neither Cannus nor any Affiliate or Associate of Cannus nor, to the knowledge of Cannus, any director or officer of Cannus beneficially owns or has the right to acquire a beneficial interest in any CIVC Shares.
- (h) Except as provided to CIVC as part of the due diligence efforts, Cannus is not a party to any agreement, nor is Cannus aware of any agreement, which in any manner affects the voting control of any of the securities of Cannus.
- (i) Cannus is not a party to, bound by or, to the knowledge of Cannus, affected by any commitment, agreement or document containing any covenant which expressly and materially limits the freedom of Cannus to compete in any line of business, transfer or move any of its respective assets or operations or which adversely materially affects the business practices, operations or condition of Cannus.

3.3 Litigation

- (a) There are no actions, suits, claims or proceedings, whether in equity or at law or, any Governmental investigations pending or, to the knowledge of Cannus, threatened:
 - (i) against or affecting Cannus or with respect to or affecting any asset or property owned, leased or used by Cannus; or
 - (ii) which question or challenge the validity of this Agreement, or the Amalgamation or any action taken or to be taken pursuant to this Agreement, or the Amalgamation;

nor is Cannus aware of any basis for any such action, suit, claim, proceeding or investigation, except for actions, suits, claims or proceeding which would not, in the aggregate, have a Material Adverse Effect on Cannus.
- (b) Neither Cannus, nor any asset of Cannus is subject to any judgment, order or decree entered in any lawsuit or proceeding which has had, or which is reasonably likely to have, a Material Adverse Effect on Cannus or which is reasonably likely to prevent Cannus from performing its obligations under this Agreement.
- (c) Other than the shareholder information that is required to be maintained and disclosed to Governmental Authorities in the ordinary course of business and in order to obtain all necessary Permits, to the knowledge of Cannus, each of Cannus and its subsidiaries has complied in all material respects with all applicable privacy Laws and have not collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy Laws.

- (d) There are no pending or, to the knowledge of Cannus, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against Cannus or its subsidiaries.

3.4 Environmental Matters

- (a) To the knowledge of Cannus, there are no material environmental Permits required by Cannus or any of its subsidiaries for the conduct of its business as now conducted.
- (b) To the knowledge of Cannus, neither Cannus nor any of its subsidiaries, has used any property or any facility which it previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any hazardous materials.

3.5 Financial Statements

- (a) The financial statements (including, in each case, any notes thereto) of Cannus for the period ended December 31, 2018, were prepared in accordance with IFRS applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto) and fairly presented in all material respects the assets, liabilities and financial condition of Cannus as of the respective dates thereof and the earnings, results of operations and changes in financial position of Cannus for the period then ended. Cannus has not, since December 31, 2018, made any change in the accounting practices or policies applied in the preparation of its financial statements.
- (b) There are no material off-balance sheet transactions, arrangements or obligations (including contingent obligations) of Cannus which are required to be disclosed and are not disclosed or reflected in Cannus' financial statements and Cannus does not have any material liabilities, obligations, indebtedness or commitments, whether accrued, absolute, contingent or otherwise, which are not disclosed or referred to in its financial statements other than those incurred in the ordinary course of business.
- (c) Cannus maintains a system of internal accounting controls sufficient to provide reasonable assurances that, (A) transactions are executed in accordance with management's general or specific authorization, and (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets.

3.6 Leased Property

- (a) With respect to each of the Leased Premises, each of the leases pursuant to which Cannus or its subsidiaries occupies the Leased Premises is in good standing and in full force and effect, and Cannus or its subsidiaries has the exclusive right to occupy and use the Leased Premises to conduct

the business of Cannus and the subsidiaries. The performance of obligations pursuant to and in compliance with the terms of this Agreement and the completion of the transactions, including the Business Combination, described herein by Cannus, will not afford any of the parties to such leases or any other person the right to terminate such leases.

- (b) To the knowledge of Cannus, neither Cannus nor any of its subsidiaries is in material violation of, in connection with the use, maintenance or operation of the Leased Premises and assets, any Environmental Laws.
- (c) To the knowledge of Cannus, there exists no claim or basis for any claim that might or could materially adversely affect the right of Cannus or any of its subsidiaries to use the Leased Premises.

3.7 Taxes

- (a) All Taxes due and payable by Cannus and each subsidiary have been paid, except where the failure to pay such Taxes would not result in a Material Adverse Effect in respect of Cannus. All tax returns, declarations, remittances and filings required to be filed by Cannus and any of its subsidiaries have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading except where the failure to file such documents would not result in a Material Adverse Effect in respect of Cannus.

3.8 Capitalization

- (a) As at the date hereof, the authorized capital of Cannus consists of an unlimited number of Cannus Common Shares, of which 58,947,935 Cannus Common Shares are issued and outstanding and an unlimited number of Cannus Series A Shares, of which 57,611 Cannus Series A Shares are issued and outstanding. There are 2,500,000 Cannus Options outstanding that can each be exercised for one Cannus Common Share, 31,000 Cannus Options that can each be exercised for one Cannus Series A Share and 2,655,159 Cannus Shares issuable upon the conversion, exercise or exchange of warrants issued by Cannus.
- (b) All issued and outstanding Cannus Shares have been duly authorized and are validly issued, fully paid and non-assessable, free of pre-emptive rights.

3.9 Undisclosed Liabilities

- (a) Other than as disclosed in the financial statements for the period ended December 31, 2018, there are no material liabilities of Cannus of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which Cannus may become liable on or after the consummation of the transactions contemplated hereby other than:

- (i) liabilities disclosed on or reflected or provided for in the most recent financial statements of Cannus; and
 - (ii) liabilities incurred in the ordinary and usual course of business of Cannus and attributable to the period since December 31, 2018, none of which has had or may reasonably be expected to have a Material Adverse Effect on Cannus.
- (b) All information which has been prepared by Cannus relating to Cannus and its subsidiaries and the respective businesses, properties and liabilities made available to CIVC was, as of the date of such information and is as of the date hereof, true and correct in all material respects, taken as a whole, and no fact or facts known to Cannus have been omitted therefrom which would make such information materially misleading.
- (c) Cannus has not withheld, and will not withhold from CIVC prior to the Effective Time, any material fact within its knowledge relating to Cannus, the Debenture Financing or the Business Combination.

3.10 Interests of Directors and Officer of Cannus

- (a) Other than as disclosed in the financial statements for the period ended December 31, 2018, to the knowledge of Cannus, none of the directors, officers or employees of Cannus, any Person who owns, directly or indirectly, more than 10% of any class of securities of Cannus or securities of any Person exchangeable for more than 10% of any class of securities of Cannus, or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any transaction (other than in connection with the Debenture Financing and/or the Business Combination) or any proposed transaction (including any loan made to or by any such Person) with Cannus which, as the case may be, materially affects, is material to or will materially affect Cannus.

3.11 Employment Matters

- (a) Each Employee Plan has been maintained in compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Employee Plans, in all material respects.
- (b) No material labour dispute, complaint, grievance or other conflict with the employees of Cannus or the subsidiaries currently exists, or to the knowledge of Cannus is threatened or pending. No union representation exists respecting the employees of Cannus or its subsidiaries and no collective bargaining agreement is in place or currently being negotiated by Cannus or its subsidiaries. No action has been taken or, to the knowledge of Cannus, is contemplated to organize or unionize any employees of Cannus or its subsidiaries that would be material to Cannus. Cannus and its subsidiaries are each currently in compliance with all Laws and regulations respecting employment and employment practices, workers' compensation, pay equity, occupational health and safety and similar

legislation, including payment in full of all amounts owing thereunder, and there are no pending claims or outstanding orders against either of them under applicable workers' compensation legislation, occupational health and safety or similar legislation nor has any event occurred which would reasonably be expected to give rise to any Material Adverse Effect.

- (c) There are no actual complaints, or to the knowledge of Cannus, threatened complaints against Cannus or its subsidiaries before any employment standards branch or tribunal or human rights tribunal, nor, to the knowledge of Cannus, has there been any occurrence which would reasonably be expected to lead to a complaint under any human rights legislation or employment standards legislation or tort or common law principle that would have a Material Adverse Effect. There are no outstanding decisions or settlements or pending settlements under applicable employment standards Laws which place any material obligation upon Cannus or its subsidiaries to do or refrain from doing any act.

3.12 Books and Records

- (a) The minute books and corporate records of each of Cannus and its subsidiaries for the period from organization to the date hereof made available to CIVC are complete in all material respects, contain copies of all material proceedings (or certified copies thereof or drafts thereof pending approval) of the shareholders and the directors (or any committee thereof) or members and managers, as applicable, thereof and there have been no other meetings, resolutions or proceedings of the shareholders, directors, members or managers, as applicable, of Cannus or its subsidiaries to the date hereof not reflected in such records, other than those which are not material thereto.

3.13 Intellectual Property

- (a) Cannus owns or has the right to use all of the intellectual property owned or used by it as of the date hereof. All registrations of intellectual property owned by Cannus or its subsidiaries and are in good standing. Other than as would not have a Material Adverse Effect, all such registrations have been filed, prosecuted and obtained in accordance with all applicable legal requirements and are currently in effect and in compliance with all applicable legal requirements. No registration of intellectual property owned by Cannus or any subsidiary has expired, become abandoned, been cancelled or expunged, or has lapsed for failure to be renewed or maintained, except where such expiration, abandonment cancellation, expungement or lapse would not have a Material Adverse Effect.

3.14 Brokers

Other than in connection with the Debenture Financing, neither Cannus nor to the knowledge of Cannus any of its Associates, Affiliates or Advisers have retained any broker or finder in connection with the Business Combination or the other transactions contemplated hereby, nor have any of the foregoing incurred any Liability to any broker or finder by reason of any such transaction.

3.15 Applicable Laws

- (a) To the knowledge of Cannus, other than pursuant to U.S. Marijuana Laws, neither Cannus nor any subsidiary is in violation of, in connection with the ownership, use, maintenance or operation of the property and assets thereof, any applicable federal, provincial, state, municipal or local Laws, by-laws, regulations, orders, policies, Permits or approvals having the force of Law, domestic or foreign, relating to environmental, health or safety matters which could reasonably be expected to have a Material Adverse Effect.

3.16 Anti-Bribery and Money Laundering Laws

- (a) Neither Cannus nor to the knowledge of Cannus, any director, officer, employee, consultant, representative or agent of the foregoing, has (i) violated any anti-bribery or anti-corruption laws applicable to Cannus, including but not limited to the U.S. Foreign Corrupt Practices Act and Canada's *Corruption of Foreign Public Officials Act*, or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any Government Official, whether directly or through any other Person, for the purpose of influencing any act or decision of a Government Official in his or her official capacity; inducing a Government Official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a Government Official to influence or affect any act or decision of any Governmental Authority; or assisting any representative of Cannus in obtaining or retaining business for or with, or directing business to, any Person; or (Y) to any Person, in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. Neither Cannus nor to the knowledge of Cannus, any director, officer, employee, consultant, representative or agent of foregoing, has (i) conducted or initiated any review, audit, or internal investigation that concluded Cannus or any director, officer, employee, consultant, representative or agent of the foregoing violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Governmental Authority responsible for enforcing anti-bribery or anti-corruption Laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such Laws, or received any notice, request, or citation from any Person alleging non-compliance with any such Laws.
- (b) The operations of Cannus and its subsidiaries are in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority (collectively, the "**Applicable Anti-Money Laundering Laws**") and no action, suit or proceeding by or before any Governmental Authority

involving Cannus or its subsidiaries with respect to Applicable Anti-Money Laundering Laws is, to the knowledge of Cannus, pending or threatened

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF CIVC AND CIVC SUBCO

Each of CIVC and CIVC Subco hereby represents and warrants to Cannus as follows and acknowledges that Cannus is relying on such representations and warranties in connection with this Agreement and completing the transactions contemplated herein:

4.1 Organization and Good Standing

- (a) Each of CIVC and CIVC Subco is a corporation duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation and is qualified to transact business and is in good standing as a foreign corporation in the jurisdictions where it is required to qualify in order to conduct its business as presently conducted, except where the failure to be so qualified would not have a Material Adverse Effect on CIVC or on any such corporation. Except for CIVC Subco, CIVC does not have any interest in any body corporate, partnership, joint ventures or other entity or person. None of CIVC or CIVC Subco is a party to any agreement, option or commitment to acquire any shares or securities of any corporate, partnership, trust, joint venture or other entity or person other than in connection with the Business Combination. CIVC is the sole registered holder and beneficial owner of 100% of the issued and outstanding shares in the capital of CIVC Subco, free and clear of all Encumbrances, claims or demands of any kind whatsoever other than Permitted Encumbrances. All of such shares and securities have been fully authorized and validly issued and in the case of shares are outstanding as fully paid and non-assessable shares. No other securities of Subco are issued and outstanding.
- (b) Each of CIVC and CIVC Subco has the corporate power and authority to own, lease, or operate its properties and to carry on its business as now conducted.

4.2 Consents, Authorizations, and Binding Effect

- (a) CIVC and CIVC Subco may execute, deliver and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:
 - (i) the CIVC Resolutions being passed by the holders of the CIVC Shares;
 - (ii) the CIVC Subco Amalgamation Resolution being passed by CIVC as sole shareholder of CIVC Subco;
 - (iii) consents, approvals, authorizations and waivers which have been obtained (or will be obtained prior to the Effective Date) and are unconditional and in full force and effect and notices which have been given on a timely basis;

- (iv) the filing of Form 9 (Articles of Amendment) under the CBCA, a Form 2 (Initial Registered Office Address and First Board of Directors) and a statutory declaration from a director or officer of each amalgamating corporation with Corporations Canada;
 - (v) the filing of the documents prescribed under the BCBCA to effect the appointment of the New CIVC Directors and the New CIVC Management; and
 - (vi) those which, if not obtained or made, would not prevent or delay the consummation of the Amalgamation or otherwise prevent CIVC from performing its obligations under this Agreement and would not be reasonably likely to have a Material Adverse Effect on CIVC or CIVC Subco.
- (b) Each of CIVC and CIVC Subco has full corporate power and authority to execute and deliver this Agreement and to perform its respective obligations hereunder and to complete the Amalgamation, subject to the CIVC Resolutions being passed by the holders of the CIVC Shares and the CIVC Subco Amalgamation Resolution being passed by CIVC.
- (c) The board of directors of CIVC has:
 - (i) approved the Business Combination and the execution, delivery and performance of this Agreement;
 - (ii) directed that the CIVC Resolutions be submitted to the CIVC Shareholders and recommended approval thereof; and
 - (iii) approved the execution and delivery of the CIVC Subco Amalgamation Resolution by CIVC.
- (d) The board of directors of CIVC Subco has unanimously approved the Amalgamation and the execution, delivery and performance of this Agreement.
- (e) This Agreement has been duly executed and delivered by CIVC and CIVC Subco and constitutes a legal, valid, and binding obligation of CIVC and CIVC Subco enforceable against each of them in accordance with its terms, except:
 - (i) as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and
 - (ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defences and to the discretion of the court before which any proceeding therefor may be brought.

- (f) The execution, delivery, and performance of this Agreement do not and will not:
- (i) constitute a violation of the notice of articles or articles of CIVC or the notice of articles or articles of CIVC Subco;
 - (ii) conflict with, result in the breach of or constitute a default or give to others a right of termination, cancellation, creation or acceleration of any obligation under, or the loss of any material benefit under or the creation of any benefit or right of any third party under any material Contract, material permit or material license to which CIVC or CIVC Subco is a party or as to which any of its property is subject which would in any such case have a Material Adverse Effect on CIVC or CIVC Subco;
 - (iii) require any consent, permit, approval, authorization or order of any Governmental Authority, except for the approvals contemplated in Section 6.8 and that which may be required under applicable securities legislation and any approval or authorization under the BCBCA, as applicable, that may be required for the Name Change and the Business Combination;
 - (iv) constitute a violation of any Law applicable or relating to CIVC or CIVC Subco or their respective businesses except for such violations which would not have a Material Adverse Effect on CIVC or CIVC Subco;
 - (v) result in the breach of, or be in conflict with, any judgment, decree or order or any term or provision thereof applicable to CIVC or CIVC Subco or any of the assets or the business of CIVC, which breach, conflict or default would reasonably be expected to have a Material Adverse Effect on CIVC or to result in the creation of any Encumbrance upon any of the assets of CIVC; or
 - (vi) result in the creation of any lien upon any of the assets of CIVC or CIVC Subco, other than such liens as would not have a Material Adverse Effect on CIVC or CIVC Subco.
- (g) Neither CIVC or CIVC Subco or any Affiliate or Associate of CIVC or CIVC Subco, nor to the knowledge of CIVC, any director or officer of CIVC or CIVC Subco, beneficially owns or has the right to acquire a beneficial interest in any Cannus Shares.

4.3 Litigation and Compliance

- (a) There are no actions, suits, claims or proceedings, whether in equity or at law, or any Governmental investigations now in progress, pending or, to the knowledge of CIVC, threatened:

- (i) against or affecting CIVC or CIVC Subco or with respect to or affecting any asset or property owned, leased or used by CIVC or CIVC Subco; or
- (ii) which question or challenge the validity of this Agreement or the Amalgamation or any action taken or to be taken pursuant to this Agreement or the Amalgamation;

nor is CIVC aware of any basis for any such action, suit, claim, proceeding or investigation, except for actions, suits, claims or proceeding which would not, in the aggregate, have a Material Adverse Effect on CIVC.

- (b) Each of CIVC and CIVC Subco has conducted and is conducting its business in compliance with, and is not in default or violation under, and has not received notice asserting the existence of any default or violation under, any Law applicable to the businesses or operations of CIVC or CIVC Subco, except for non-compliance, defaults, and violations which would not, in the aggregate, have a Material Adverse Effect on CIVC or CIVC Subco.
- (c) Neither CIVC or CIVC Subco, and no asset of CIVC or CIVC Subco, is subject to any judgment, order or decree entered in any lawsuit or proceeding which has had, or which is reasonably likely to have, a Material Adverse Effect on CIVC or CIVC Subco or which is reasonably likely to prevent CIVC or CIVC Subco from performing its respective obligations under this Agreement.
- (d) Each of CIVC and CIVC Subco has duly filed or made all reports and returns required to be filed by it with any Government and has obtained all permits, licenses, consents, approvals, certificates, registrations and authorizations (whether Governmental, regulatory or otherwise) which are required in connection with its business and operations, except where the failure to do so has not had and would not have a Material Adverse Effect on CIVC or CIVC Subco.

4.4 Public Filings; Financial Statements

- (a) CIVC has filed all documents required pursuant to applicable Canadian Securities Laws (the “**CIVC Securities Documents**”). As of their respective dates, the CIVC Securities Documents complied in all material respects with the then applicable requirements of the Canadian Securities Laws and, at the respective times they were filed, none of the CIVC Securities Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make any statement therein, in light of the circumstances under which it was made, not misleading. CIVC has not filed any confidential disclosure reports which have not at the date hereof become public knowledge.
- (b) The financial statements (including, in each case, any notes thereto) of CIVC for the year ended November 30, 2017, and for the three and nine month periods ended August 31, 2018, included in the CIVC Securities Documents were prepared in accordance with IFRS applied on a consistent

basis during the periods involved (except as may be indicated therein or in the notes thereto) and fairly presented in all material respects the assets, liabilities and financial condition of CIVC as of the respective dates thereof and the earnings, results of operations and changes in financial position of CIVC for the periods then ended (subject, in the case of unaudited statements, to the absence of footnote disclosure and to customary year-end audit adjustments and to any other adjustments described therein). Except as disclosed in the CIVC Securities Documents, CIVC has not, since November 30, 2017, made any change in the accounting practices or policies applied in the preparation of its financial statements.

- (c) CIVC is now, and on the Effective Date will be, a “reporting issuer” (or its equivalent) under Canadian Securities Laws of each of the Provinces of Ontario, Alberta and British Columbia. CIVC is not currently in default in any material respect of any requirement of Canadian Securities Laws and CIVC is not included on a list of defaulting reporting issuers maintained by any of the securities commissions or similar regulatory authorities in each of such Provinces.
- (d) CIVC has not had any material correspondence with any Canadian securities regulator which has not been disclosed to Cannus.
- (e) There has not been any reportable event (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators) since November 30, 2017, with the present or former auditors of CIVC.
- (f) No order ceasing or suspending trading in securities of any CIVC or CIVC Subco or prohibiting the sale of securities by CIVC or CIVC Subco has been issued that remains outstanding and, to the knowledge of CIVC, no proceedings for this purpose have been instituted, are pending, contemplated or threatened by any securities commission, self-regulatory organization or the TSXV.
- (g) CIVC maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iii) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
- (h) There are no contracts with CIVC, on the one hand, and:
 - (i) any officer or director of CIVC or CIVC Subco;
 - (ii) any holder of 5% or more of the equity securities of CIVC; or
 - (iii) an associate or affiliate of a Person in (i) or (ii), on the other hand.

4.5 Taxes

Each of CIVC and CIVC Subco has timely filed, or has caused to be timely filed on its behalf, all Tax Returns required to be filed by it prior to the date hereof, all such Tax Returns are complete and accurate in all material respects. All Taxes shown to be due on such Tax Returns, or otherwise owed, have been timely paid, other than those which are being contested in good faith and in respect of which adequate reserves have been provided in the most recently published financial statements of CIVC. CIVC's most recent audited consolidated financial statements reflect a reserve in accordance with IFRS for all Taxes payable by CIVC or CIVC Subco for all taxable periods and portions thereof through the date of such financial statements. No deficiency with respect to any Taxes has been proposed, asserted or assessed in writing against CIVC or CIVC Subco, there are no actions, suits, proceedings, investigations or claims pending or threatened against CIVC or CIVC Subco in respect of Taxes or any matters under discussion with any Government relating to Taxes, in each case which are likely to have a Material Adverse Effect on CIVC or CIVC Subco, and no waivers or written requests for waivers of the time to assess any such Taxes are outstanding or pending. Each of CIVC or CIVC Subco has withheld from each payment made to any of their past or present employees, officers or directors, and to any non-resident of Canada, the amount of all Taxes required to be withheld therefrom and have paid the same to the proper tax or receiving officers within the time required under applicable Law. Each of CIVC or CIVC Subco has remitted to the appropriate tax authorities all amounts collected by it in respect of federal goods and services tax and provincial or harmonized sales taxes. There are no liens for Taxes upon any asset of CIVC or CIVC Subco except liens for Taxes not yet due.

4.6 Employment Matters, Employee Plans and Labour Relations

- (a) Except as provided to Cannus as part of the due diligence efforts, CIVC has not entered into any written employment agreements, or other agreements for the provision of employment or management services provided to CIVC.
- (b) There are no Contracts, written or oral, between CIVC or CIVC Subco and any other party on the other side, relating to payment, remuneration or compensation for work performed or services provided (other than professional advisors engaged by CIVC to provide services in connection with the Business Combination) or that would require any payment to be made as a result of the completion of the transactions contemplated in this Agreement.
- (c) CIVC is not a party to a collective bargaining agreement
- (d) Except for the CIVC Stock Option Plan, a copy of which has been provided to Cannus, CIVC does not have any Employee Plans of any nature whatsoever nor has it ever had any such plans. The CIVC Stock Option Plan has been approved by the TSXV and was adopted by CIVC in accordance with the requirements of the TSXV and complies in all material respects with the applicable policies of the TSXV.
- (e) CIVC is operating in full compliance with all Laws relating to employees, including employment standards, human rights, occupational health and safety, all pay equity and employment equity legislation other than such

non-compliance which would not reasonably be expected to have a Material Adverse Effect and there have been no employment-related complaints against CIVC or CIVC Subco.

- (f) To the knowledge of CIVC, there are no complaints or threatened complaints against CIVC or CIVC Subco before any employment standards branch or tribunal or human rights commission or tribunal, nor, any occurrence which might lead to a complaint under any human rights legislation, employment standards legislation, health and safety legislation, workers' compensation legislation or pay equity legislation.
- (g) There are no outstanding decisions or settlements or pending settlements under employment standards, human rights legislation, health and safety legislation, workers' compensation legislation, payment equity legislation or labour relations legislation which place any obligation upon CIVC to do or refrain from doing any act or place a material financial obligation on CIVC.
- (h) There are no representation questions, arbitration proceedings, labour strikes, slow-downs or stoppages, material grievances, or other labour troubles pending or, to the knowledge of CIVC, threatened with respect to the employees of CIVC or CIVC Subco and, to the best of CIVC's knowledge, there are no present or pending applications for certification (or the equivalent procedure under any applicable Law) of any union as the bargaining agent for any employees of CIVC or CIVC Subco.
- (i) There are no actions, suits or claims pending, threatened or reasonably anticipated (other than routine claims for benefits) against any Employee Plan or its assets, and there are no audits, inquiries or proceedings pending or, to the knowledge of CIVC, threatened by any Governmental Authority with respect to any Employee Plan, which in either case reasonably could be expected to result in material Liability to CIVC.
- (a) Neither the execution and delivery of this Agreement nor the performance of the obligations of CIVC thereunder will entitle any current or former employee of CIVC to any severance pay, bonus or other similar payment.

4.7 Contracts, Etc.

- (a) Except for Contracts entered into which have been filed on SEDAR, neither CIVC or CIVC Subco is a party to or bound by any material Contract:
 - (i) relating to capital expenditures or improvements in excess of \$100,000 in the aggregate;
 - (ii) by which title to any assets, rights or properties is retained by a third party as security for an obligation;
 - (iii) which will be at the Effective Date secured by a lien upon any assets, rights or properties as security for an obligation;

- (iv) relating to the employment of any employees or the rights of employees upon severance or termination;
 - (v) relating to management, consulting or any other similar type of Contract which involves an amount exceeding \$100,000 per annum, excluding those which may be terminated without Penalty on 90 days notice or less;
 - (vi) which contemplates payment on or as a result of a change of control of CIVC or CIVC Subco (whether on termination of such agreement, on occurrence of any other event or circumstance, or after notice or lapse of time or otherwise);
 - (vii) with any director or officer, former director or officer, shareholder or any Person not dealing at arm's length with CIVC or CIVC Subco;
 - (viii) with a bank or other financial institution relating to borrowed money;
 - (ix) relating to the existence, creation, purchase or sale of any bonds, debentures, notes or long-term debts;
 - (x) relating to outstanding letters of credit or constituting an agreement of guarantee or indemnification of the obligations or liabilities (contingent or otherwise) of any other Person or relating to commitments to purchase the assets of any other Person or to guarantee the price thereof;
 - (xi) relating to the acquisition or disposition of any shares or securities of any entity;
 - (xii) relating to the acquisition, disposition or lease of any business operations or real property;
 - (xiii) limiting or restraining CIVC or CIVC Subco from engaging in any activities or competing with any Person;
 - (xiv) limiting or restraining CIVC from competing in any line of business, or to use, transfer or move any of its assets or operations, or which materially or adversely affects the business practices, operations or condition of CIVC;
 - (xv) which involves the use of a derivative, including any forward contracts or options; or
 - (xvi) relating to the existence or creation of any *bona fide* offer of an opportunity (including a joint venture opportunity) to any Person.
- (b) Each of CIVC or CIVC Subco and, to the knowledge of CIVC, each of the other parties thereto is in material compliance with all covenants under any material Contract and no default has occurred which, with notice or lapse of time or both, would directly or indirectly constitute such a default under any

material Contract, except for such non-compliance or default as has not had and will not have a Material Adverse Effect on CIVC or CIVC Subco.

- (c) Neither CIVC or CIVC Subco is a party to or bound by any Contract that provides for any payment as a result of the consummation of any of the matters contemplated by this Agreement.

4.8 Absence of Certain Changes, Etc.

Except as contemplated by the Business Combination and this Agreement, since November 30, 2017:

- (a) there has been no Material Adverse Change in CIVC or CIVC Subco;
- (b) neither of CIVC or CIVC Subco has:
 - (i) sold, transferred, distributed, or otherwise disposed of or acquired a material amount of its assets, or agreed to do any of the foregoing, except in the ordinary course of business;
 - (ii) incurred any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) which has had or is likely to have a Material Adverse Effect on CIVC or CIVC Subco;
 - (iii) made or agreed to make any material capital expenditure or commitment for additions to property, plant, or equipment in excess of \$250,000;
 - (iv) made or agreed to make any material increase in the compensation payable to any employee or director except for increases made in the ordinary course of business and consistent with presently existing policies or agreement or past practice;
 - (v) conducted its operations other than in all material respects in the normal course of business;
 - (vi) entered into any material transaction or material Contract, or amended or terminated any material transaction or material Contract, except transactions or Contracts entered into in the ordinary course of business; and
 - (vii) agreed or committed to do any of the foregoing; and
- (c) there has not been any declaration, setting aside or payment of any dividend or other distribution with respect to CIVC's share capital.

4.9 Capitalization

- (a) As at the date hereof, the authorized capital of CIVC consists of an unlimited number of CIVC Shares, of which 14,800,334 CIVC Shares are issued and outstanding (prior to giving effect to the Consolidation).

- (b) All issued and outstanding CIVC Shares have been duly authorized and are validly issued, fully paid and non-assessable, free of pre-emptive rights.
- (c) There are no authorized, outstanding or existing:
 - (i) voting trusts or other agreements or understandings with respect to the voting of any CIVC Shares to which CIVC or CIVC Subco is a party;
 - (ii) securities issued by CIVC or CIVC Subco that are convertible into or exchangeable for CIVC Shares;
 - (iii) agreements, options, warrants, or other rights capable of becoming agreements, options or warrants to purchase or subscribe for any CIVC Shares or securities convertible into or exchangeable or exercisable for any such common shares, in each case granted, extended or entered into by CIVC or CIVC Subco;
 - (iv) agreements of any kind to which CIVC or CIVC Subco is a party relating to the issuance or sale of any CIVC Shares, or any securities convertible into or exchangeable or exercisable for CIVC Shares or requiring CIVC to qualify securities of CIVC or CIVC Subco for distribution by prospectus under Canadian Securities Laws; or
 - (v) agreements of any kind which may obligate CIVC to issue or purchase any of its securities.
- (d) Immediately before the closing of the Business Combination, CIVC shall have in excess of 150 public shareholders, each of which shall hold at least a “Board Lot” of CIVC Shares, as such term is used the CSE Policies.

4.10 Environmental Matters

Each of CIVC and CIVC Subco is in compliance, in all material respects, with all applicable Environmental Laws and has not materially violated any then current Environmental Laws as applied at that time. Neither CIVC or CIVC Subco is the subject of: (i) any proceeding, application, order or directive which relates to any environmental, health or safety matter; or (ii) any demand or notice with respect to any Environmental Laws. Each of CIVC or CIVC Subco has made adequate reserves for all reclamation obligations and has made appropriate arrangements, through obtaining reclamation bonds or otherwise to discharge such reclamation obligations, to the extent applicable. There is no material environmental liability nor factors likely to give rise to any material environmental liability (i) affecting any of the material properties of CIVC or CIVC Subco; or (ii) retained in any manner by CIVC or CIVC Subco in connection with properties disposed of by CIVC or CIVC Subco.

4.11 Title

CIVC is the absolute legal and beneficial owner of, and has good and marketable title to, all of its material property or assets (real and Personal, tangible and intangible, including leasehold interests).

4.12 Indebtedness and Guarantees

No indebtedness for borrowed money is owing or guaranteed by CIVC or CIVC Subco. Neither of CIVC or CIVC Subco is bound by any Contract, assurance, bond, undertaking or guarantee under or pursuant to which it has guaranteed or endorsed the debts, obligations or liabilities of any other person.

4.13 Bankruptcy, etc.

No bankruptcy, insolvency or receivership proceedings have been instituted by CIVC or CIVC Subco or, to the knowledge of CIVC, are pending against CIVC or CIVC Subco.

4.14 Undisclosed Liabilities

There are no material liabilities of CIVC or CIVC Subco of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which CIVC or CIVC Subco may become liable on or after the consummation of the transactions contemplated hereby other than:

- (a) liabilities disclosed on or reflected or provided for in the most recent financial statements of CIVC included in the CIVC Securities Documents; and
- (b) liabilities incurred in the ordinary and usual course of business of CIVC or CIVC Subco and attributable to the period since August 31, 2018, none of which has had or may reasonably be expected to have a Material Adverse Effect on CIVC or CIVC Subco,

and which, as at March 25, 2019, total approximately \$200,000.

4.15 Brokers

Neither of CIVC or CIVC Subco or, to the knowledge of CIVC, any of their respective Associates, Affiliates or Advisers have retained any broker or finder in connection with the Amalgamation or the other transactions contemplated hereby, nor have any of the foregoing incurred any Liability to any broker or finder by reason of any such transaction. Neither of CIVC or CIVC Subco is a party to or bound by any Contract to pay any royalty, license fee or management fee.

4.16 Books and Records

The corporate records and minute books of CIVC contain or, at or prior to the Business Combination will contain, in all material respects, complete and accurate minutes of all meetings of the directors and shareholders since its date of incorporation, together

with the full text of all resolutions of directors and shareholders passed in lieu of such meetings, duly signed.

4.17 TSXV Policies

CIVC is in compliance with all policies and requirements of the TSXV and has not carried on any business or activities except as permitted thereby.

4.18 Expenses and Obligations

CIVC has no obligations or commitments to incur any expenses of any sort whatsoever from the date hereof until completion of the Business Combination other than general administrative expenses consistent with past practice and expenses relating to the completion of the Business Combination.

4.19 Share Issuance

Subject to applicable Canadian Securities Laws and the rules and policies of the TSXV, CIVC has the full and lawful right and authority to issue CIVC Shares to the Cannus Shareholders, in connection with the Business Combination, and upon issuance, such shares will be validly issued as fully paid and non-assessable common shares in the capital of CIVC free and clear of all Encumbrances.

4.20 Shareholder Approval

To the best of CIVC's knowledge, none of the Non-Arm's Length Parties to CIVC (as defined for the purposes of the TSXV policies) have any direct or indirect interest in Cannus or its assets, or any other relationship which would result in the Business Combination requiring approval by CIVC's shareholders under the policies of the TSXV.

4.21 Public Disclosure Documents

CIVC is current in the filing of all public disclosure documents required to be filed by CIVC under applicable Canadian Securities Laws and TSXV rules (including all Contracts required by Canadian Securities Laws to be filed by CIVC), there are no filings that have been made thereunder on a confidential basis and all of such filings comply with the requirements of all applicable Canadian Securities Laws except where such non-compliance has not and would not reasonably be expected to have a Material Adverse Effect on CIVC.

4.22 No Misrepresentation

No portion of the Public Record contained a misrepresentation (as such term is defined in the *Securities Act* (British Columbia)), any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make any statement therein, in light of the circumstances under which it was made, not misleading, as at its date of public dissemination or as at the date hereof.

4.23 Anti-Bribery Laws

Neither CIVC nor CIVC Subco nor to the knowledge of CIVC, any director, officer, employee, consultant, representative or agent of the foregoing, has (i) violated any anti-bribery or anti-corruption laws applicable to CIVC or CIVC Subco, including but not limited to the U.S. Foreign Corrupt Practices Act and Canada's *Corruption of Foreign Public Officials Act*, or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any Government Official, whether directly or through any other Person, for the purpose of influencing any act or decision of a Government Official in his or her official capacity; inducing a Government Official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a Government Official to influence or affect any act or decision of any Governmental Authority; or assisting any representative of CIVC or CIVC Subco in obtaining or retaining business for or with, or directing business to, any Person; or (Y) to any Person, in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. Neither CIVC nor CIVC Subco nor to the knowledge of CIVC, any director, officer, employee, consultant, representative or agent of foregoing, has (i) conducted or initiated any review, audit, or internal investigation that concluded CIVC or CIVC Subco or any director, officer, employee, consultant, representative or agent of the foregoing violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Governmental Authority responsible for enforcing anti-bribery or anti-corruption Laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such Laws, or received any notice, request, or citation from any Person alleging non-compliance with any such Laws.

ARTICLE 5 COVENANTS OF CANNUS

From and after the date hereof and until the Effective Date (except as hereinafter otherwise provided), unless CIVC shall otherwise consent in writing, which consent shall not be unreasonably withheld, conditioned or delayed:

5.1 Access

Cannus shall permit:

- (a) CIVC and its Advisers to have reasonable access at reasonable times to all properties, books, accounts, records, Contracts, files, correspondence, tax records, and documents of or relating to Cannus including auditor's working papers and management letters and to discuss such matters with the executive officers of Cannus and Cannus shall make available to CIVC and its Advisers a copy of each report or other document filed pursuant to Canadian Securities Laws and all other information concerning its business and properties in its possession or under its control as CIVC may reasonably request; and

- (b) CIVC to conduct, or cause its agents to conduct, such reasonable reviews, inspections, surveys, tests, and investigations of the assets of Cannus as they deem necessary or advisable, provided such reviews are conducted at reasonable times and in a reasonable manner.

5.2 Ordinary Course

Cannus shall conduct business in a prudent and business-like manner and, except for transactions contemplated hereby, only in the ordinary course consistent with past practice, it being acknowledged and agreed that nothing in this Agreement shall prohibit Cannus from completing any Potential Financing or Potential Acquisition.

5.3 Closing Conditions

Cannus shall use all commercially reasonable efforts to cause all of the conditions to the obligations of CIVC and CIVC Subco under this Agreement to be satisfied on or prior to the Effective Date (to the extent the satisfaction of such conditions is within the control of Cannus).

5.4 Listing Statement

Cannus shall prepare the Listing Statement and CIVC shall use all commercially reasonable efforts to assist Cannus in connection with the preparation of the Listing Statement, and Cannus prepare as promptly as possible any other documents required by applicable Law in connection with all shareholder and regulatory approvals required in respect of the Business Combination and the other matters contemplated hereby, including but not limited to the extent applicable, the disclosure regarding Cannus (including financial statements) prescribed under applicable Canadian Securities Laws and described in the form of prospectus that Cannus would be eligible to use, for inclusion in the Listing Statement.

5.5 Stock Exchange Listing

Cannus shall use all commercially reasonable efforts to obtain the approval of the CSE to the Listing. Cannus shall furnish to CIVC and its legal counsel for review and comment, a reasonable amount of time prior to the time of filing of any document with the CSE, a copy of each document to be filed with the CSE, including, without limitation, the Listing Statement.

ARTICLE 6 COVENANTS OF CIVC

From and after the date hereof and until the Effective Date (except as hereinafter otherwise provided), unless Cannus shall otherwise consent in writing, which consent shall not be unreasonably withheld, delayed or conditioned:

6.1 Access

CIVC shall permit, and shall cause CIVC Subco to permit:

- (a) Cannus and its Advisers to have reasonable access at reasonable times to all properties, books, accounts, records, Contracts, files, correspondence, tax records, and documents of or relating to CIVC or CIVC Subco including auditor's working papers and management letters and to discuss such matters with the executive officers of CIVC or CIVC Subco and CIVC shall make available to Cannus and its Advisers a copy of each report or other document filed pursuant to Canadian Securities Laws and all other information concerning its business and properties in its possession or under its control as Cannus may reasonably request; and
- (b) Cannus to conduct, or cause its agents to conduct, such reasonable reviews, inspections, surveys, tests, and investigations of the assets of CIVC and CIVC Subco as they deem necessary or advisable provided such reviews are conducted at reasonable times and in a reasonable manner.

6.2 Corporate Action

CIVC will use its best efforts to take all necessary corporate action, steps and proceedings to approve or authorize, validly and effectively, the execution, delivery and performance of this Agreement and the other agreements and documents contemplated hereby and to complete the Business Combination and to cause all necessary meetings of directors and shareholders of CIVC and CIVC Subco to be held for such purpose.

6.3 Ordinary Course

Each of CIVC and CIVC Subco shall conduct business in a prudent and business-like manner and, except for transactions contemplated hereby, only in the ordinary course consistent with past practice. Each of CIVC and CIVC Subco shall not:

- (a) amend its articles or by-laws, except as contemplated by the Business Combination and this Agreement;
- (b) subdivide, split, combine, consolidate, or reclassify any of its outstanding share capital, except as contemplated by the Business Combination and this Agreement;
- (c) issue or agree to issue any securities, except in connection with:
 - (i) the Business Combination and this Agreement; and
 - (ii) the exercise of any currently outstanding securities convertible into CIVC Shares;
- (d) declare, set aside or pay any dividend or make any other distribution payable in cash, shares, stock, securities or property with respect to any of its share capital other than consistent with past practice;
- (e) repurchase, redeem, or otherwise acquire, directly or indirectly, any of its share capital or any securities convertible or exchangeable into or exercisable for any of its shares;

- (f) incur, guarantee, assume or modify any indebtedness for borrowed money;
- (g) guarantee or assume the liabilities of any Person;
- (h) make loans, advances or other payments other than in the ordinary course of business or as required in connection with the Business Combination;
- (i) sell, lease or otherwise dispose of any material property or assets or enter into any agreement or commitment in respect of any of the foregoing;
- (j) mortgage, pledge or hypothecate any of its assets, or subject them to any Encumbrance, other than a Permitted Encumbrance;
- (k) except as contemplated by the Business Combination and this Agreement, amend or propose to amend the rights, privileges and restrictions attaching to the CIVC Shares, or reduce CIVC's stated capital;
- (l) except as contemplated by the Business Combination and this Agreement, reorganize, amalgamate or merge with another Person;
- (m) acquire or agree to acquire any corporation or other entity (or material interest therein) or division of any corporation or other entity or material assets;
- (n) enter into any agreements outside of the ordinary course other than in connection with transactions contemplated in this Agreement;
- (o) except as required by IFRS or any other generally accepted accounting principles to which CIVC or CIVC Subco may be subject, or any applicable Law, make any changes to the existing accounting practices of CIVC or make any material tax election inconsistent with past practice;
- (p) enter into new commitments of a capital expenditure nature or incur any new contingent liabilities other than (A) expenditures required by Law; (B) expenditures made in connection with transactions contemplated in this Agreement; and (C) expenditures required to prevent the occurrence of a Material Adverse Effect; or
- (q) enter into or modify any employment, consulting, severance, collective bargaining or similar agreement, policy or arrangement with, or grant any bonus, salary increase, option to purchase shares, pension or supplemental pension benefit, profit sharing, retirement allowance, deferred compensation, incentive compensation, severance, change of control or termination pay to, or make any loan to, any officer, director, employee or consultant of CIVC or CIVC Subco.

6.4 Insurance

CIVC shall ensure that all property, real and personal, owned or leased by CIVC or CIVC Subco continues to be insured substantially in the manner and to the extent they are currently insured.

6.5 Consolidation, Name Change and Creation of New Share Classes

Prior to the Effective Time, CIVC shall complete and file Articles of Amendment, in the prescribed form, giving effect to the Consolidation, the Name Change and creating the New CIVC SV Shares and the New CIVC Series A Multiple Voting Shares upon and subject to the terms of this Agreement.

6.6 Board Lots

Prior to the Effective Time and after giving effect to the Consolidation, CIVC shall ensure it has the requisite number of public shareholders that each hold at least a "Board Lot", as defined in the CSE Policies, of CIVC Shares, and shall take all commercially reasonable steps, including, without limitation, undertaking a private placement to ensure it has the requisite shareholders holding a Board Lot.

6.7 Closing Conditions

CIVC shall use all commercially reasonable efforts to cause all of the conditions to the obligations of Cannus under this Agreement to be satisfied on or prior to the Effective Date (to the extent the satisfaction of such conditions is within the control of CIVC or CIVC Subco).

6.8 Stock Exchange Listing

CIVC shall use all best efforts to obtain the approval of the TSXV to the de-listing of the CIVC Shares. CIVC shall furnish to Cannus and its legal counsel for review and comment, a reasonable amount of time prior to the time of filing of any document with the TSXV, a copy of each document to be filed with the TSXV and copies of the final approval of the TSXV respecting the de-listing. CIVC will use its best efforts to obtain the necessary approvals of the CIVC Shareholders for the listing of the New CIVC Shares on the CSE.

6.9 CIVC Subco

CIVC, as sole shareholder of CIVC Subco, shall execute and deliver a written consent resolution passing the CIVC Subco Amalgamation Resolution and the Amalgamation.

6.10 Directors and Management

Upon the change of directors and officers of CIVC and CIVC Subco as described in Section 1.4, CIVC shall complete and file, or cause to be completed and filed, such documents prescribed under the BCBCA to give effect to such change of directors and officers of CIVC and the appointment of the New CIVC Directors and the New CIVC Management. Upon the completion of the Business Combination:

- (a) the directors of CIVC will resign and there will be appointed and/or elected in their place as directors of CIVC such five (5) persons as Cannus shall designate; and
- (b) the officers of CIVC will resign and there will be appointed in their place as officers of CIVC such persons as Cannus shall designate.

6.11 New Incentive Plan

CIVC will use its best efforts to approve and adopt the New Incentive Plan immediately prior to the completion of the Business Combination.

6.12 Working Capital

Prior to the payment of (i) any costs associated with the transactions contemplated herein, which costs shall be no more than C\$100,000 (not including costs incurred prior to March 25, 2019), and (ii) any CSE listing fees, CIVC shall have a working capital position of not less than C\$150,000 and a cash position of not less than C\$150,000 as of the Effective Date, provided that if the Effective Date occurs after June 30, 2019, such working capital and cash position amounts will decrease by approximately C\$10,000 per month.

ARTICLE 7 OTHER COVENANTS OF THE PARTIES

7.1 Amalgamation

On or before the Termination Date, CIVC and Cannus shall use commercially reasonable efforts to take all necessary steps to amalgamate Cannus and CIVC Subco.

7.2 Consents and Notices

Promptly after the date hereof and, if necessary, for a reasonable time after the Effective Date:

- (a) The Parties shall use all commercially reasonable efforts, and shall cooperate with each other to obtain, all consents, waivers, approvals, and authorizations, in addition to those set forth in clause (b) below which may be necessary to effect the Business Combination including, without limitation, obtaining those consents, waivers, approvals, and authorizations described in Section 3.2 hereof and Section 4.2 hereof and shall provide copies of such documents to the other Party.
- (b) Each of Cannus, CIVC and CIVC Subco will promptly execute and file, or join in the execution and filing of, any application or other document that may be necessary in order to obtain the authorization, approval or consent of any Governmental Authority which may be reasonably required, or which any other Party may reasonably request in connection with the consummation of the transactions contemplated by this Agreement and shall provide copies of such documents to the other Party. Each of Cannus, CIVC and CIVC Subco will use all commercially reasonable efforts to obtain promptly all such authorizations, approvals and consents.

7.3 Circulars and Listing Statement

- (a) Each of Cannus and CIVC shall use all commercially reasonable efforts to prepare, as promptly as practicable after the date of this Agreement, if necessary, the Cannus Circular and the CIVC Circular, respectively, together with any other documents required under Canadian Securities

Laws and applicable corporate laws in connection with the CIVC Meeting and, if necessary, the Cannus Meeting and each of CIVC and Cannus shall co-operate with each other in preparation of their respective circulars and in connection therewith provide the other Party with such information and material concerning its affairs as such other Party shall reasonably request.

- (b) As soon as practicable after the date hereof, CIVC shall call the CIVC Meeting and hold the CIVC Meeting as soon as practicable thereafter and in any event no later than the date that is four (4) months after the date of this Agreement, and mail the CIVC Circular and all other documentation required in connection with the CIVC Meeting to each CIVC Shareholder. The CIVC Circular, if necessary, shall include, *inter alia*, the unanimous recommendation of the board of directors of CIVC that its shareholders vote in favour of the CIVC Resolutions.
- (c) As soon as practicable after the date hereof, Cannus shall file the Listing Statement with the CSE and, if necessary, mail the Cannus Circular and all other documentation required in connection with the Cannus Meeting to its shareholders and shall hold the Cannus Meeting at the earliest practicable date following the mailing the Cannus Circular. The Cannus Circular, if necessary, shall include, *inter alia*, the unanimous recommendation of the board of directors of Cannus that its shareholders vote in favour of the Cannus Resolutions.
- (d) Cannus covenants that none of the information regarding Cannus to be supplied by Cannus that is required to be included or incorporated by reference in the CIVC Circular or the Listing Statement, as the case may be, will as of the date of such document contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If at any time prior to the Effective Time any event with respect to Cannus or its officers and directors shall occur that is required to be described in the CIVC Circular or the Listing Statement, as the case may be, Cannus shall give prompt notice to CIVC of such event and shall cooperate in the preparation of a supplement or amendment to the CIVC Circular or the Listing Statement, as the case may be, if such supplement or amendment, as applicable, is required, unless such cooperation and efforts would subject Cannus to unreasonable cost or liability or would be in breach of applicable statutory or regulatory requirements.
- (e) CIVC covenants that none of the information regarding CIVC and CIVC Subco to be supplied by CIVC that is included or incorporated by reference in the Cannus Circular or the Listing Statement, as the case may be, will as of the date of such document contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If at any time prior to the Effective Time any event with respect to CIVC, its officers and directors or CIVC Subco shall occur that is required to be described in the CIVC Circular, Listing Statement or Cannus Circular, as the case may be,

CIVC shall give prompt notice to Cannus of such event and shall cooperate in the preparation of a supplement or amendment to the CIVC Circular, Listing Statement or Cannus Circular, as the case may be, if such supplement or amendment, as applicable, is required, unless such cooperation and efforts would subject CIVC to unreasonable cost or liability or would be in breach of applicable statutory or regulatory requirements.

7.4 Defense of Proceedings

CIVC and CIVC Subco, on the one hand, and Cannus, on the other hand, shall vigorously defend, or shall cause to be vigorously defended, any lawsuits or other legal proceedings brought against CIVC, Cannus or CIVC Subco, or their respective officers, directors or shareholders, challenging this Agreement or the completion of the Business Combination, and the Parties shall cooperate with each other in all respects in such defense. Neither CIVC, CIVC Subco nor Cannus shall compromise or settle any claim brought in connection with the Business Combination, without the prior written consent of the other Parties, which consent shall not be unreasonably withheld, conditioned or delayed.

7.5 Press Releases

Before issuing any press release or otherwise making any public statements with respect to this Agreement or the Business Combination, CIVC, CIVC Subco and Cannus shall consult with each other and shall undertake reasonable efforts to agree upon the terms of such press release, and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable Law or by obligations pursuant to any listing agreement with any stock exchange.

7.6 Non-Solicitation

- (a) Cannus hereby agrees from the date of this Agreement until the Termination Date:
 - (i) not to take actions of any kind which may be reasonably expected to reduce the likelihood of success of the Business Combination, except as required by law, the CSE or TSXV or other than as contemplated herein;
 - (ii) to use its reasonable commercial efforts to complete the Business Combination and to not take any action contrary to or in opposition to the Business Combination;
 - (iii) not to alter or amend Cannus' constating documents or Cannus' articles or by-laws in any manner which may adversely affect the success of the Business Combination, except as is agreed to by CIVC in writing or required to give effect to the matters contemplated herein;
 - (iv) to disclose to CIVC any unsolicited offer it has received: (i) for the purchase of its shares, or any portion thereof, or (ii) of any amalgamation, arrangement, merger, business combination, take-

- over bid, tender or exchange offer, variation of a take-over bid, tender or exchange offer or similar transaction involving Cannus made to the board of directors or management of Cannus, or directly to the Cannus Shareholders;
- (v) to use its commercially reasonable efforts to obtain any third party approvals required in respect of the Business Combination, including any lenders or financial institutions, state and local regulators, licensors and strategic partners; and
 - (vi) to cooperate fully with CIVC and to use commercially reasonable efforts to assist CIVC in its efforts to complete the Business Combination.
- (b) CIVC hereby agrees from the date of this Agreement until the Termination Date:
- (i) not to carry on any business except as contemplated herein;
 - (ii) not to issue any debt or equity or other securities, except as agreed to by Cannus, or declare or pay any dividends or distribute any of CIVC's property or assets to CIVC Shareholders;
 - (iii) not to alter or amend CIVC's articles or by-laws except as contemplated herein;
 - (iv) not to enter into any transaction or contract, except as contemplated herein, without the prior written consent of Cannus;
 - (v) not to initiate, propose, assist or participate in any activities or solicitations in opposition to or in competition with the Business Combination and, without limiting the generality of the foregoing, not to take any actions to give effect to the completion of any transactions other than the Business Combination, not induce or attempt to induce any other person to initiate any shareholder proposal, acquisition of CIVC Shares or any other form of transaction inconsistent with completion of the Business Combination, not to complete any fundraising activities and not to take actions of any kind which may reduce the likelihood of success of the Business Combination, except as required by statutory law;
 - (vi) to disclose to Cannus any unsolicited offer it has received: (i) for the purchase of its shares, or any portion thereof, or (ii) of any amalgamation, arrangement, merger, business combination, take-over bid, tender or exchange offer, variation of a take-over bid, tender or exchange offer or similar transaction involving CIVC made to the board of directors or management of CIVC, or directly to the CIVC Shareholders;
 - (vii) to use its commercially reasonable efforts to obtain any third party approvals required in respect of the Business Combination;

- (viii) to cooperate fully with Cannus, and to use commercially reasonable efforts to assist Cannus to complete the Business Combination and to take all actions as are otherwise necessary to complete the Business Combination, including satisfaction of all conditions precedent to the completion of the Business Combination hereunder that are for the benefit of Cannus;
- (ix) to use its reasonable commercial efforts to cause all CIVC Shareholders to vote their CIVC Shares in favour of the Business Combination and related matters, and otherwise approve the Business Combination and related matters as required; and
- (x) to have a working capital position of not less than C\$150,000 and a cash position of not less than C\$150,000 as of the Effective Date, provided that if the Effective Date occurs after June 30, 2019, such working capital and cash position amounts will decrease by approximately C\$10,000 per month.

7.7 Refrain from Certain Actions

No Party shall take any action, refrain from taking any action (subject to commercially reasonable efforts) or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or which would or could reasonably be expected to materially impede the completion of the transactions contemplated hereby or which would or could reasonably be expected to have a Material Adverse Effect on such Party.

7.8 Agreement of CIVC to Indemnify

CIVC will indemnify, defend, and hold harmless, to the full extent of the law, Cannus and the Principal Vendor from, against, and in respect of, any and all losses asserted against, relating to, imposed upon, or incurred by Cannus by reason of, resulting from, based upon, or arising out of:

- (a) the material breach by CIVC of any representation or warranty of CIVC contained in, or made pursuant to, any Transaction Document; or
- (b) the material breach or partial breach by CIVC of any covenant or agreement of CIVC made in, or pursuant to any Transaction Document.

7.9 Agreement of Cannus and the Principal Vendor to Indemnify

Cannus and the Principal Vendor will, jointly and severally, indemnify, defend, and hold harmless, to the full extent of the law, CIVC from, against, and in respect of any and all Losses asserted against, relating to, imposed upon, or incurred by CIVC by reason of, resulting from, based upon or arising out of:

- (a) the material breach by Cannus and/or the Principal Vendor of any representation or warranty of Cannus and/or the Principal Vendor contained in, or made pursuant to, any Transaction Document; or

- (b) the material breach by Cannus and/or the Principal Vendor of any covenant or agreement of Cannus and/or the Principal Vendor made in, or made pursuant to, any Transaction Document.

7.10 Third Party Claims

- (a) If any third party notifies a Party entitled to indemnification under Section 7.8 or 7.9 (each an “**Indemnified Party**”) with respect to any matter (a “**Third-Party Claim**”) which may give rise to an indemnity claim against a Party that is required to indemnify against under Section 7.8 or 7.9 (each an “**Indemnifying Party**”), then the Indemnified Party will promptly give written notice to the Indemnifying Party; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party will relieve the Indemnifying Party from any obligation under Section 7.8 or 7.9, except to the extent such delay actually and materially prejudices the Indemnifying Party.
- (b) The Indemnifying Party will be entitled to participate in the defense of any Third-Party Claim that is the subject of a notice given by the Indemnified Party pursuant to Section 7.10(a). In addition, the Indemnifying Party will have the right to defend the Indemnified Party against the Third-Party Claim with counsel of its choice that is reasonably satisfactory to the Indemnified Party, so long as:
 - (i) the Indemnifying Party gives written notice to the Indemnified Party within fifteen (15) days after the Indemnified Party has given notice of the Third-Party Claim that the Indemnifying Party elects to assume the defense of such Third-Party Claim;
 - (ii) the Indemnifying Party provides the Indemnified Party with evidence that is reasonably acceptable to the Indemnified Party that the Indemnifying Party will have adequate financial resources to defend against the Third-Party Claim and fulfill its indemnification obligations hereunder;
 - (iii) if the Indemnifying Party is a party to the Third-Party Claim or, in the reasonable opinion of the Indemnified Party, some other actual or potential conflict of interest exists between the Indemnifying Party and the Indemnified Party, the Indemnified Party determines in good faith that joint representation would not be inappropriate;
 - (iv) the Third-Party Claim does not relate to or otherwise arise in connection with taxes or any criminal or regulatory enforcement action;
 - (v) settlement of an adverse judgment with respect to the Indemnifying Party or the Indemnifying Party’s conduct of the defense of the Third-Party Claim is not, in the good faith judgment of the Indemnified Party, likely to be materially adverse to the Indemnified Party’s reputation or continuing business interests (including its

relationships with current or potential customers, suppliers or other parties material to the conduct of its business); and

- (vi) the Indemnifying Party conducts the defense of the Third-Party Claim actively and diligently.

The Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third-Party Claim; provided, however, that the Indemnifying Party will pay the reasonable fees and expenses of separate co-counsel retained by the Indemnified Party that are incurred prior to the Indemnifying Party's assumption of control of the defense of the Third-Party Claim.

- (c) The Indemnifying Party will not consent to the entry of any judgment, or enter into any compromise or settlement, with respect to the Third-Party Claim without the prior written consent of the Indemnified Party, unless such judgment, compromise or settlement:

- (i) provides for the payment by the Indemnifying Party of money as sole relief for the claimant;
- (ii) results in the full and general release of the Indemnified Party from all Liabilities arising or relating to, or in connection with, the Third-Party Claim; and
- (iii) involves no finding or admission of any violation of Applicable Laws or the rights of any Person and has no effect on any other claims that may be made against the Indemnified Party.

- (d) If the Indemnifying Party does not deliver the notice contemplated by Section 7.10(b)(i), or the evidence contemplated by Section 7.10(b)(ii), within fifteen (15) days after the Indemnified Party has given notice of the Third-Party Claim, or otherwise at any time fails to conduct the defense of the Third-Party Claim actively and diligently, the Indemnified Party may defend, and may consent to the entry of any judgment or enter into any compromise or settlement with respect to, the Third-Party Claim in any manner it may deem appropriate; provided, however, that the Indemnifying Party will not be bound by the entry of any such judgment consented to, or any such compromise or settlement effected, without its prior written consent (which consent will not be unreasonably withheld or delayed). In the event that the Indemnified Party conducts the defense of the Third-Party Claim pursuant to this Section 7.10, the Indemnifying Party will:

- (i) advance the Indemnified Party promptly and periodically for the costs of defending against the Third-Party Claim (including reasonable attorneys' fees and expenses); and
- (ii) remain responsible for any and all other Losses that the Indemnified Party may incur or suffer resulting from, arising out of, relating to, in the nature of or caused by the Third-Party Claim to the fullest extent provided in Sections 7.8, 7.9 and 7.10.

7.11 Exemptions from Registration Requirements of U.S. Securities Laws

The Parties hereto intend for the issuances and exchanges of securities contemplated hereby to be exempt from the registration requirements of the U.S. Securities Act and any applicable securities laws of any state of the United States and, accordingly, each agrees to take such further commercially reasonable actions (including the execution and delivery of such further instruments and documents) as any other Party may reasonably request with regards to ensuring the availability of and maintaining such exemptions.

The New CIVC Securities to be issued to the Cannus Securityholders who are outside the United States and who are not acting for the account or benefit of a person inside the United States will be issued in “offshore transactions” (as such term is defined in Regulation S under the U.S. Securities Act) in reliance on Rule 903 of Regulation S under the U.S. Securities Act. The New CIVC Securities to be issued to the Cannus Securityholders who (i) are in the United States, (ii) are U.S. Persons, (iii) are acquiring the New CIVC Securities for the account or benefit of, U.S. Persons or persons in the United States, (iii) were offered the New CIVC Securities while in the United States or (iv) execute the approval for the exchange of their Cannus Securities while in the United States (each a “**U.S. Purchaser**”) will be issued in reliance on Rule 506(b) of Regulation D under the U.S. Securities Act and/or Section 4(a)(2) thereof and, in each case, in accordance with available exemptions from any applicable securities laws of any state of the United States.

Each Cannus Securityholder who is a U.S. Purchaser and is receiving New CIVC Securities will be required to sign and deliver a certificate in the form attached hereto as Schedule D in order to make the necessary representations and warranties to confirm the availability of this exemption from registration under the U.S. Securities Act prior to receipt of, as applicable, the New CIVC Securities. Each Cannus Securityholder that does not sign and deliver such certificate will be deemed to be representing and warranting that such Cannus Securityholder is not a U.S. Purchaser.

The New CIVC Securities and any New CIVC Shares issued upon exercise of New CIVC Securities, as applicable, issued to a U.S. Purchaser in connection with the Amalgamation will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and will bear a legend in substantially the form that follows:

“THE SECURITIES REPRESENTED HEREBY [AND IN THE CASE OF OPTIONS AND WARRANTS: AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR UNDER ANY STATE SECURITIES LAWS AND ARE “RESTRICTED SECURITIES” AS THAT TERM IS DEFINED IN RULE 144 UNDER THE U.S. SECURITIES ACT. THE HOLDER HEREOF, BY ACQUIRING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE ISSUER; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULES 903 OR 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN

COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE ISSUER AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

ARTICLE 8 CONDITIONS TO OBLIGATIONS OF CIVC

8.1 Conditions Precedent in Favour of CIVC to Completion of the Business Combination

The obligation of CIVC and CIVC Subco to complete the Business Combination is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by CIVC and CIVC Subco:

- (a) The representations and warranties of Cannus set forth in Article 3 qualified as to materiality shall be true and correct, and the representations and warranties not so qualified shall be true and correct in all material respects as of the date of this Agreement and on the Effective Date as if made on the Effective Date, except for such representations and warranties made expressly as of a specified date which shall be true and correct in all material respects as of such date; and CIVC shall have received a certificate signed on behalf of Cannus by an executive officer thereof to such effect dated as of the Effective Date.
- (b) Cannus shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Cannus prior to or on the Effective Date and CIVC shall have received a certificate signed on behalf of Cannus by an executive officer thereof to such effect dated as of the Effective Date.
- (c) No legal proceeding shall be pending or threatened in writing wherein an unfavourable judgment, order, decree, stipulation or injunction would (A) prevent consummation of any component of the Business Combination or any transaction related to the Business Combination, or (B) cause any component of the Business Combination or any transaction related to the Business Combination to be rescinded following consummation.
- (d) No inquiry or investigation (whether formal or informal) in relation to Cannus or its directors, members, managers, or officers, as applicable, shall have been commenced or threatened by the CSE, the TSXV, any relevant securities commission or other federal, state or local regulatory body having jurisdiction, such that the outcome of such inquiry or investigation could have a Material Adverse Affect on CIVC after giving effect to the Business Combination.

- (e) There being no prohibition under applicable Laws against consummation of the Business Combination.
- (f) On completion of the Business Combination and receipt of conditional approval for the listing on the CSE, each of the parties as required by the CSE shall have entered into an escrow agreement upon the terms and conditions imposed pursuant to the policies of the CSE and Canadian Securities Laws.
 - (i) Subject to CSE listing requirements, each Cannus Shareholder who participated in the Cannus Share Exchange shall execute and deliver to CIVC a voluntary escrow agreement, to be effective as of the Effective Date, which will provide that the New CIVC Shares issued to such Cannus Shareholders will be deposited into escrow, with an escrow agent to be determined by CIVC in its sole discretion (the “**Escrow Agent**”), whereby such New CIVC Shares to be released from escrow 120 days after the Listing date.
 - (ii) Subject to CSE listing requirements, each Cannus Shareholder who participated in the Cannus Seed Financing shall execute and deliver to CIVC a voluntary escrow agreement, to be effective as of the Effective Date, which will provide that the New CIVC Shares issued to such Cannus Shareholders will be deposited into escrow with the Escrow Agent, and whereby such New CIVC Shares to be released in two equal tranches, with the first tranche being released 90 days after the Listing date and the second tranche being released 180 days after the Listing date.
 - (iii) Subject to CSE listing requirements, each Cannus Shareholder who participated in the Cannus Debenture Financing shall execute and deliver to CIVC a voluntary lock-up or escrow agreement, to be effective as of the Effective Date, whereby such Cannus Shareholder agrees that they will not offer, sell, transfer, pledge or otherwise dispose of or transfer the economic consequences of any New CIVC Shares or New CIVC Warrants for a period of 120 days after the Listing date.
- (g) There shall not have occurred any Material Adverse Change in Cannus since the date of this Agreement except for a decrease in Cannus’ working capital position reasonably necessary to facilitate the Amalgamation.
- (h) The Cannus Shareholders shall have approved the Cannus Resolutions in accordance with applicable Law.
- (i) The CIVC Shareholders shall have approved the CIVC Resolutions at the CIVC Meeting in accordance with applicable Law.
- (j) All directors, officers and members of management of CIVC and any subsidiary of CIVC shall have resigned and entered into mutual releases in form and substance acceptable to them, acting reasonably.

ARTICLE 9
CONDITIONS TO OBLIGATIONS OF CANNUS

9.1 Conditions Precedent in Favour of Cannus to Completion of the Business Combination

The obligation of Cannus to complete the Business Combination is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by Cannus:

- (a) The representations and warranties of CIVC and CIVC Subco set forth in Article 4 qualified as to materiality shall be true and correct, and the representations and warranties not so qualified shall be true and correct in all material respects as of the date of this Agreement and on the Effective Date as if made on the Effective Date, except for such representations and warranties made expressly as of a specified date which shall be true and correct in all material respects as of such date, and Cannus shall have received certificates signed on behalf of CIVC and CIVC Subco, respectively, by an executive officer thereof to such effect dated as of the Effective Date.
- (b) CIVC and CIVC Subco shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by CIVC and CIVC Subco, respectively, prior to or on the Effective Date and Cannus shall have received certificates signed on behalf of CIVC and CIVC Subco, respectively, by an executive officer thereof to such effect dated as of the Effective Date.
- (c) On completion of the Business Combination and receipt of conditional approval for the listing on the CSE, each of the parties as required by the CSE shall have entered into an escrow agreement upon the terms and conditions imposed pursuant to the policies of the CSE and Canadian Securities Laws.
 - (i) Subject to CSE listing requirements, each CIVC Shareholder shall execute and deliver to Cannus a voluntary escrow agreement, to be effective as of the Effective Date, which will provide that the New CIVC Shares issued to such CIVC Shareholders will be deposited into escrow with the Escrow Agent, whereby such New CIVC Shares to be released from escrow in three equal tranches, with the first tranche being released 90 days after the Listing date, the second tranche being released 120 days after the Listing date and the third tranche being released 180 days after the Listing date.
- (d) There shall not have occurred any Material Adverse Change in CIVC or CIVC Subco except for a decrease in CIVC's working capital position reasonably necessary to facilitate the Amalgamation and to meet its customary obligations as a "reporting issuer".
- (e) The Cannus Shareholders shall have approved the Cannus Resolutions in accordance with applicable Law.

- (f) The CIVC Shareholders shall have approved the CIVC Resolutions at the CIVC Meeting in accordance with applicable Law.
- (g) The New CIVC SV Shares shall have been approved for Listing.
- (h) Cannus shall have completed the Debenture Financing for aggregate gross proceeds of no less than US\$10,000,000, or such aggregate number as determined by the directors of Cannus.
- (i) If necessary, Cannus shall have obtained the approval of the Cannus Convertible Debenture holders to the Business Combination.
- (i) The CIVC Shares shall have been de-listed from the TSXV.
- (j) CIVC shall have filed Articles of Amendment in accordance with the BCBCA in respect of the Consolidation, the Name Change and the creation of the New CIVC SV Shares and the New CIVC Series A Multiple Voting Shares upon and subject to the terms of this Agreement and the Consolidation and the Name Change shall be effective and the New CIVC SV Shares and the New CIVC Series A Multiple Voting Shares shall be created and an unlimited number of each class of New CIVC Share shall be authorized to be issued.
- (k) Cannus shall have received the approval of any third parties from whom Cannus must obtain consent, including any lenders or financial institutions, state and local regulators, licensors and strategic partners.
- (l) Dissent Rights shall not have been exercised in respect of more than 10% of the issued and outstanding Cannus Shares.
- (m) Cannus shall be satisfied that the exchange of New CIVC Shares for Cannus Shares shall be qualified or exempt from registration or qualification under all applicable United States federal and state securities laws.
- (n) Any convertible securities or similar instruments or agreements of Cannus providing for the issuance of securities of Cannus will, following the Business Combination, be convertible into or provide for the issuance of securities of CIVC in accordance with their terms or shall have been assumed in writing by CIVC (including by entering into supplemental indentures) such that they will be convertible into or provide for the issuance of securities of CIVC following the Business Combination.
- (o) The New CIVC Shares issuable pursuant to the Business Combination shall be issued or be issuable as fully paid and non-assessable shares in the capital of CIVC, free and clear of any and all Encumbrances, liens, charges, demands of whatsoever nature, except those imposed pursuant to the escrow restrictions of the CSE or by this Agreement, and shall be exempt from the prospectus requirements of applicable Canadian Securities Laws in the provinces where CIVC is a reporting issuer, either by virtue of exemptive relief from the such regulators or by virtue of applicable

exemptions under such Canadian Securities Laws, and such securities shall not be subject to resale restrictions under applicable Canadian Securities Laws (other than as applicable to control persons, pursuant to section 2.6 of National Instrument 45-102-Resale of Securities).

- (p) All of the current directors and officers of CIVC and CIVC Subco shall have resigned without payment by or any liability to CIVC, Cannus, CIVC Subco or Amalco, and each such director and officer shall have executed and delivered a release in favour of CIVC, CIVC Subco, Cannus and Amalco, in a form acceptable to CIVC and Cannus, each acting reasonably.
- (q) The New CIVC Directors shall have been elected to the board of directors of CIVC, conditional upon the completion of the Business Combination, and the New CIVC Management shall have been duly appointed as the management of CIVC as of the time of closing of the Business Combination, and the CSE shall not have objected to the appointment of the New CIVC Directors or of the New CIVC Management, each upon closing of the Business Combination.
- (r) All liabilities of CIVC (on a consolidated basis), other than liabilities incurred in connection with the Business Combination or incurred to maintain CIVC's status as a "reporting issuer" not in default in the provinces in which CIVC is a "reporting issuer", shall have been satisfied.
- (s) There being no prohibition under applicable Laws against consummation of the Business Combination.
- (t) No legal proceeding shall be pending or threatened in writing wherein an unfavourable judgment, order, decree, stipulation or injunction would (A) prevent consummation of any component of the Business Combination or any transaction related to the Business Combination, or (B) cause any component of the Business Combination or any transaction related to the Business Combination to be rescinded following consummation.
- (u) No inquiry or investigation (whether formal or informal) in relation to CIVC or any subsidiary of CIVC or its directors, officers or shareholders shall have been commenced or threatened by the CSE, the TSXV, any securities commission or other federal, state, provincial or local regulatory body having jurisdiction, such that the outcome of such inquiry or investigation could have a Material Adverse Effect on CIVC after giving effect to the Business Combination.
- (v) Prior to the Effective Date, no more than 9,500,000 CIVC Shares, on a post-Consolidation basis, will be issued and no other New CIVC Shares will be reserved for issuance or be issuable, whether pursuant to any convertible securities of CIVC or otherwise.
- (w) CIVC shall have the requisite number of Board Lots as required by the CSE Policies.

- (x) Prior to the payment of (i) any costs associated with the transactions contemplated herein, which costs shall be no more than C\$100,000 (not including costs incurred prior to March 25, 2019), and (ii) any CSE listing fees, to have a working capital position of not less than C\$150,000 and a cash position of not less than C\$150,000 as of the Effective Date, provided that if the Effective Date occurs after June 30, 2019, such working capital and cash position amounts will decrease by approximately C\$10,000 per month.

ARTICLE 10 MUTUAL CONDITIONS PRECEDENT

10.1 Mutual Conditions Precedent

The obligations of CIVC and Cannus to complete the Business Combination are subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived only with the consent in writing of CIVC and Cannus:

- (a) all consents, waivers, permits, exemptions, orders, consents and approvals required to permit the completion of the Business Combination, the failure of which to obtain could reasonably be expected to have a Material Adverse Effect on Cannus or CIVC or materially impede the completion of the Business Combination, shall have been obtained;
- (b) no temporary restraining order, preliminary injunction, permanent injunction or other order preventing the consummation of the Business Combination shall have been issued by any federal, state, or provincial court (whether domestic or foreign) having jurisdiction and remain in effect;
- (c) on the Effective Date, no cease trade order or similar restraining order of any other provincial securities administrator relating to the CIVC Shares, the New CIVC Shares, the Cannus Shares or the Amalco Shares shall be in effect;
- (d) there shall not be pending or threatened any suit, action or proceeding by any Governmental Authority, before any court or Governmental Authority, agency or tribunal, domestic or foreign, that has a significant likelihood of success, seeking to restrain or prohibit the consummation of the Business Combination or any of the other transactions contemplated by this Agreement or seeking to obtain from CIVC, CIVC Subco or Cannus any damages that are material in relation to CIVC, CIVC Subco and Cannus and their subsidiaries taken as a whole;
- (e) the distribution of Amalco Shares and the New CIVC Shares pursuant to the Business Combination shall be exempt from the prospectus requirements of applicable Canadian Securities Law either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Canadian Securities Laws and shall not be subject to resale restrictions under applicable Canadian Securities Laws other than as applicable to control Persons or pursuant to section 2.6 [*Seasoning Period*] of National

Instrument 45-102 – *Resale of Securities of the Canadian Securities Administrators*; and

- (f) this Agreement shall not have been terminated in accordance with its terms.

ARTICLE 11 CONFIDENTIALITY

11.1 Confidentiality

- (a) Each Party hereto agrees that it shall keep strictly confidential and shall not disclose, copy, reproduce or distribute, or cause or permit to be disclosed, copied, reproduced or distributed any information concerning another Party hereto (the “**Disclosing Party**”), its business, operations, assets and liabilities, that was obtained from another party hereto (or such party’s Representatives) including pursuant to Sections 5.1 and 6.1 hereof, respectively (the “**Confidential Information**”) to anyone except (i) the receiving party’s (the “**Recipient**”) directors, officers, employees, Affiliates and advisors (the “**Representatives**”) to whom disclosure is reasonably necessary for the purposes of or in connection with the transactions contemplated herein, and who have agreed to be bound by the terms of this Agreement, or (ii) as otherwise consented to in writing by Disclosing Party. Each Recipient shall use its best efforts to ensure that the Confidential Information remains strictly confidential and is not disclosed to or seen, used or obtained by any person or entity except in accordance with the terms of this Agreement.
- (b) Prior to the Effective Date, each Recipient and its Representatives shall not use or cause to be used any Confidential Information for any purpose other than in connection with evaluating, negotiating or advising in connection with the transactions contemplated herein, and at no time shall a Recipient or its Representatives otherwise use or cause to be used any Confidential Information for the benefit of itself or any other third party or in any manner adverse to, or to the detriment of, the Disclosing Party or its shareholders.
- (c) Each Recipient shall instruct its Representatives to whom it makes disclosure that the disclosure is made in confidence and shall be kept in confidence and used only in accordance with this Agreement. The Recipient is liable for any breach of the obligations under this Agreement committed by its Representatives.
- (d) Notwithstanding the foregoing,
 - (i) the obligations of the Recipient under this section Article 11 shall not apply to any information that (A) is publicly available or becomes publicly available through no action or fault of the Recipient, (B) was already in the Recipient’s possession or known to Recipient prior to being disclosed or provided to the Recipient by or on behalf of the Disclosing Party, provided that the source of such information or material was not bound by a contractual, legal or fiduciary obligation

of confidentiality to the Disclosing Party or any other party with respect thereto, (C) is obtained by the Recipient from a third party, provided, that, such third party has the lawful right to disclose the Confidential Information, or (D) is independently developed by the Recipient without reference to the Confidential Information; and

- (ii) a Recipient may disclose Confidential Information if and to the extent legally required or compelled to do so by applicable law or in any governmental, administrative or judicial process (the “**Compelled Disclosure**”). The Recipient shall provide the Disclosing Party with prompt written notice of any request or requirement for Compelled Disclosure and shall co-operate with the Disclosing Party as the latter may reasonably and lawfully request with respect to the form, timing and nature of any Compelled Disclosure or seeking a protective order or other appropriate remedy. The Recipient may disclose only such Confidential Information as is specifically required or compelled to be disclosed and shall continue to use his or its best efforts to preserve the confidentiality of the Confidential Information.
- (e) Upon the termination or rescission of this Agreement, each Recipient will promptly, if requested to do so by the Disclosing Party, return to the Disclosing Party or destroy all Confidential Information (including notes, writings and other material developed therefrom by Recipient) and all copies thereof and retain none for its files. The requirements of confidentiality set forth herein shall survive the return or destruction of such Confidential Information.
- (f) Each Recipient hereby agrees that its failure or threat of failure to perform any obligation or duty which it has agreed to perform under this Agreement may cause irreparable harm to the Disclosing Party, which harm cannot be adequately compensated for by monetary damages. It is further agreed by each Recipient that an order of specific performance, injunctive relief or other equitable relief (or any combination thereof) against the Recipient in the event of a breach or default, or the threat of a breach or default, under the terms of this Agreement would be equitable and would not work a hardship on the Recipient and accordingly, in such event the Disclosing Party, without any bond or other security being required and in addition to whatever other remedies are or might be available at law or in equity, shall have the right to commence an action against the Recipient either to compel specific performance by, or to obtain injunctive relief or other equitable relief (or any combination thereof) against, the Recipient, with respect to any such event.
- (g) Each Recipient acknowledges that the Recipient is aware, and shall advise his or its Representatives, that Canadian Securities Laws prohibit any person who has received material non-public information from an issuer from purchasing or selling securities of such issuer or from communicating such information to any other person.

ARTICLE 12 TERMINATION

12.1 Termination of this Agreement

This Agreement may be terminated at any time prior to the Effective Time, whether before or after the Cannus Resolutions being passed by the Cannus Shareholders, the CIVC Subco Amalgamation Resolution being passed by CIVC or the CIVC Resolutions being passed by the CIVC Shareholders or any other matters presented in connection with the Business Combination:

- (a) by mutual written consent of CIVC, CIVC Subco and Cannus;
- (b) by a Party if a condition in its favour or a mutual condition is not satisfied by the Termination Date (or any earlier date by which such condition is required to be satisfied) except where such failure is the result of a breach of this Agreement by such Party;
- (c) by CIVC or Cannus if there has been a breach of any of the representations, warranties, covenants and agreements on the part of the other Party (the “**Breaching Party**”) set forth in this Agreement, which breach has or is likely to result in the failure of the conditions set forth in Section 8.1, 9.1 or 10.1, as the case may, to be satisfied and in each case has not been cured within ten (10) Business Days following receipt by the Breaching Party of written notice of such breach from the non-breaching Party (the “**Non-Breaching Party**”);
- (d) by any Party if any permanent order, decree, ruling or other action of a court or other competent authority restraining, enjoining or otherwise preventing the consummation of the Business Combination shall have become final and non-appealable;
- (e) by Cannus if:
 - (i) the board of directors of Cannus, or any committee thereof, withdraws or modifies, its approval of this Agreement or its recommendation to shareholders to vote in favour the Cannus Resolutions, as applicable;
 - (ii) the Cannus Resolutions are not passed by the Cannus Shareholders; or
 - (iii) the CIVC Resolutions are not passed by the CIVC Shareholders;
- (f) by CIVC or Cannus if the Amalgamation is not completed by the Termination Date provided that the Party then seeking to terminate this Agreement is not then in default of any of its obligations hereunder; and
- (g) by CIVC or Cannus if the other Party has breached the provisions of Section 7.6 hereof in any material manner.

12.2 Survival of Covenants, Representations and Warranties; Limitation

No investigation by or on behalf of any Party prior to the execution of this Agreement will mitigate, diminish or affect the representations and warranties made by the other parties. The representations and warranties of the Parties contained in this Agreement will not survive the completion of the Business Combination and will expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms. This Section 12.2 will not limit any covenant or agreement of any of the Parties, which, by its terms, contemplates performance after the Effective Time or the date on which this Agreement is terminated, as the case may be.

12.3 Effect of Termination

If this Agreement is terminated in accordance with Section 12.1:

- (a) this Agreement shall forthwith have no further force or effect and there shall be no obligation on the part of the Parties hereunder except with respect to (i) Section Article 11 and Section 13.2, which will survive such termination, and (ii) a breach arising from the fraud or wilful misconduct of any Party; and
- (b) neither CIVC nor Cannus will have any further liability to the other Party except as expressly contemplated hereby, provided that the termination of this Agreement (i) will not relieve either CIVC or Cannus from any liability for breach by it of this Agreement prior to such termination or (ii) preclude a party from seeking injunctive relief to restrain any breach or threatened breach of this Agreement or otherwise to obtain specific performance of any provision of this Agreement.

ARTICLE 13 MISCELLANEOUS

13.1 Further Actions

From time to time, as and when requested by any Party, the other Parties shall execute and deliver, and use all commercially reasonable efforts to cause to be executed and delivered, such documents and instruments and shall take, or cause to be taken, such further or other actions as may be reasonably requested in order to:

- (a) carry out the intent and purposes of this Agreement;
- (b) effect the Amalgamation (or to evidence the foregoing); and
- (c) consummate and give effect to the other transactions, covenants and agreements contemplated by this Agreement.

13.2 Expenses

Except as expressly set forth herein, each of the Parties shall be responsible for its own costs and charges incurred with respect to the transactions contemplated herein including, without limitation, all costs and charges incurred prior to the date of this

Agreement and all legal and accounting fees and disbursements relating to or otherwise relating to the transactions contemplated herein; provided, however (and for greater clarity), Cannus shall be responsible for paying the expenses of preparing this Agreement, all costs and fees payable to the CSE in connection with its review of the application for Listing (including the review of the Personal Information Forms to be submitted by the New CIVC Directors and New CIVC Management) and all listing fees to the CSE.

13.3 Entire Agreement

This Agreement, which includes the Schedules hereto and the other documents, agreements, and instruments executed and delivered pursuant to or in connection with this Agreement, contains the entire Agreement between the Parties with respect to matters dealt within herein and, except as expressly provided herein, supersedes all prior arrangements or understandings with respect thereto.

13.4 Descriptive Headings

The descriptive headings of this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

13.5 Notices

All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered personally or sent by telecopier, nationally recognized overnight courier, or registered or certified mail, postage prepaid, addressed as follows:

- (a) If to CIVC:

Canadian Imperial Venture Corp.

[REDACTED]

Attention:

E-mail:

[REDACTED]

with a copy (which shall not constitute notice) to:

[REDACTED]

Attention:

E mail:

[REDACTED]

- (b) If to Cannus:

Cannus Partners Inc. d/b/a Ikanic Farms

[REDACTED]

[REDACTED]

Attention: [REDACTED]
E-mail: [REDACTED]

with a copy (which shall not constitute notice) to:

[REDACTED]

Attention: [REDACTED]
E mail: [REDACTED]

(c) If to CIVC Subco:

c/o Canadian Imperial Venture Corp.

[REDACTED]

Attention: [REDACTED]
E-mail: [REDACTED]

Any such notices or communications shall be deemed to have been received: (i) if delivered personally or sent by telecopier (with transmission confirmed), nationally recognized overnight courier or by e-mail, on the date of such delivery; or (ii) if sent by registered or certified mail, on the third Business Day following the date on which such mailing was postmarked. Any Party may by notice change the address to which notices or other communications to it are to be delivered or mailed.

13.6 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal laws of Canada applicable therein, but references to such laws shall not, by conflict of laws, rules or otherwise require application of the law of any jurisdiction other than the Province of British Columbia and the Parties hereby further irrevocably attorn to the jurisdiction of the Courts of the Province of British Columbia in respect of any matter arising hereunder or in connection with the transactions contemplated in this Agreement.

13.7 Enurement and Assignability

This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns, provided that this Agreement shall not be assignable otherwise than by operation of law by either Party without the prior written consent of the other Parties, and any purported assignment by any Party without the prior written consent of the other Party shall be void.

13.8 Remedies

The Parties acknowledge that an award of money damages may be inadequate for any breach of the obligations undertaken by the Parties and that the Parties shall be entitled to seek equitable relief, in addition to remedies at law. In the event of any action to enforce the provisions of this Agreement, each of the Parties waive the defense that there is an adequate remedy at law. Without limiting any remedies any Party may otherwise have, in the event any Party refuses to perform its obligations under this Agreement, the other Party shall have, in addition to any other remedy at law or in equity, the right to specific performance.

13.9 Waivers and Amendments

Any waiver of any term or condition of this Agreement, or any amendment or supplementation of this Agreement, shall be effective only if in writing and duly executed by all Parties hereto. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit, or waive a Party's rights hereunder at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

13.10 Severability

If any provision contained in this Agreement shall be determined to be invalid, illegal, or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and the remaining provisions of this Agreement shall not, at the election of the Party for whose benefit the provision exists, be in any way impaired.

13.11 Currency

Except as otherwise set forth herein, all references to amounts of money in this Agreement are to Canadian Dollars.

13.12 Counterparts and Execution

This Agreement may be executed in any number of counterparts and delivered electronically, each of which will be deemed to be an original as regards any Party whose signature appears thereon and all of which together will constitute one and the same instrument. This Agreement will become binding when one or more counterparts hereof, individually or taken together, bears the signatures of all the parties reflected hereon as signatories.

[REMAINDER OF THE AGREEMENT IS INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement as of the day and year first above written.

CANADIAN IMPERIAL VENTURE CORP.

By: /s/ Jacqueline M. Tucker

Name: Jacqueline M. Tucker

Title: CEO & Director

CANNUS PARTNERS INC.

By: /s/ Brian Baca

Name: Brian Baca

Title: CEO & Director

11326937 CANADA INC.

By: /s/ Jacqueline M. Tucker

Name: Jacqueline M. Tucker

Title: President & Director

SCHEDULE A DEFINITIONS

“**Advisors**” when used with respect to any Person, shall mean such Person's directors, officers, employees, representatives, agents, lawyers, accountants, advisors, engineers, and consultants.

“**Affiliate**” shall have the meaning ascribed to such term in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators.

“**Agreement**” means this Business Combination Agreement, as it may be amended or supplemented at any time and from time to time after the date hereof.

“**Amalco**” means the company resulting from Amalgamation.

“**Amalco Shares**” means common shares without par value and without special rights or restrictions attached in the capital of Amalco.

“**Amalgamation**” means an amalgamation of CIVC Subco and Cannus pursuant to Section 184 of the CBCA, on the terms and subject to the conditions set out in this Agreement, subject to any amendments or variations thereto made in accordance with the provisions of this Agreement.

“**Applicable Anti-Money Laundering Laws**” shall have the meaning ascribed to such term in Section 3.16(b).

“**Associate**” shall have the meaning ascribed to such term in the *Securities Act* (British Columbia).

“**BCBCA**” means the *Business Corporations Act* (British Columbia) as amended.

“**Board Lot**” means a standard trading unit, and such term is used in accordance with its use in the CSE Policies.

“**Breaching Party**” shall have the meaning ascribed to such term in Section 12.1(c).

“**Business Combination**” means the business combination among CIVC, CIVC Subco and Cannus pursuant to which Cannus Shareholders will receive New CIVC SV Shares and New CIVC Series A Multiple Voting Shares on the basis of one New CIVC SV Share for each one Cannus Common Share and one New CIVC Series A Multiple Voting Share for each one Cannus Series A Share held on the basis set out in this Agreement and CIVC will become the parent company of Amalco.

“**Business Day**” means any day other than a Saturday or Sunday or other day on which Canadian Chartered Banks located in the City of Vancouver or the City of Toronto are required or permitted to close.

“**Canadian Securities Laws**” means the *Securities Act* (or equivalent legislation) in each of the provinces and territories of Canada and the respective regulations under such legislation together with applicable published rules, regulations, policy statements, national, multilateral and local instruments and memoranda of understanding of the Canadian Securities

Administrators and the securities regulatory authorities in such provinces and territories.

“Cannus” means Cannus Partners Inc., a corporation existing under the CBCA.

“Cannus Broker Rights” means the broker rights issued to the agent in connection with the Debenture Financing.

“Cannus Business” means the business of Cannus, being the establishment of a vertically integrated cannabis cultivator, producer, distributor and dispensary operator that is building out its “seed to sale” business.

“Cannus Circular” means the management information circular of Cannus to be provided to the Cannus Shareholders in respect of the Cannus Resolutions and the other matters (if any) to be considered at the Cannus Meeting if the Cannus Meeting is called by Cannus.

“Cannus Common Share Convertible Debentures” means the convertible debentures convertible into units comprised of one Cannus Common Shares and one half of one Cannus Common Share Warrant issued under the Debenture Financing.

“Cannus Common Share Seed Unit” means the units comprised of one Cannus Common Share and one quarter of one Cannus Common Share Warrant, issued in connection with the Cannus Seed Financing.

“Cannus Common Share Warrants” means the warrants to purchase Cannus Common Shares, including the 2,236,984 warrants that are exercisable for a period of 36 months following the closing date of the Cannus Seed Financing, at a price of CAD\$0.30 per Cannus Common Share, and the warrants to purchase Cannus Common Shares issued pursuant to the Debenture Financing.

“Cannus Common Shares” means the common shares in the capital of Cannus.

“Cannus Common Shareholders” means the holders of the issued and outstanding Cannus Common Shares.

“Cannus Convertible Debentures” mean the Cannus Common Share Convertible Debentures and the Cannus Series A Convertible Debentures.

“Cannus Dissenting Procedures” means the dissent procedures provided to Cannus Shareholders pursuant to the CBCA.

“Cannus Dissenting Shareholder” means a registered Cannus Shareholder who dissents in respect of the Cannus Resolutions in strict compliance with Cannus Dissenting Procedures.

“Cannus Meeting” means the special meeting of the Cannus Shareholders to be held, if necessary, to approve, *inter alia*, the Amalgamation and any and all adjournments or postponements of such meeting.

“Cannus Options” means currently outstanding options to purchase Cannus Shares.

“Cannus Resolutions” has the meaning ascribed thereto in 1.2(b)(ii).

“Cannus Securityholder” means a Cannus Shareholder or a holder of Cannus Warrants or

Cannus Broker Rights.

“**Cannus Securities**” means the Cannus Shares, Cannus Warrants and Cannus Broker Rights.

“**Cannus Seed Financing**” means the non-brokered private placement of Cannus Common Share Seed Units and Cannus Series A Seed Units, whereby an aggregate of 8,947,935 Cannus Common Share Seed Units and 16,727 Cannus Series A Seed Units were issued for aggregate gross proceeds of \$3,186,190.50.

“**Cannus Series A Convertible Debentures**” means the convertible debentures convertible into units comprised of one Cannus Series A Shares and one half of one Cannus Series A Warrant issued under the Debenture Financing.

“**Cannus Series A Seed Unit**” means the units comprised of one Cannus Series A Share and one quarter of one Cannus Series A Warrant, issued in connection with the Cannus Seed Financing.

“**Cannus Series A Shares**” means the Series A Compressed Shares in the capital of Cannus.

“**Cannus Series A Shareholders**” means the holders of the issued and outstanding Cannus Series A Shares.

“**Cannus Series A Warrants**” means the warrants to purchase Cannus Common Shares, including the 4,181 warrants that are exercisable for a period of 36 months following the closing date of the Cannus Seed Financing, at a price of CAD\$30 per Cannus Series A Share, and the warrants to purchase Cannus Series A Shares issued pursuant to the Debenture Financing.

“**Cannus Share Exchange**” means the share exchange that occurred on August 9, 2018, whereby Cannus Shares were issued in exchange for the issued and outstanding shares of three of Cannus’ current subsidiaries, pursuant to which an aggregate amount of 50,000,000 Cannus Common Shares (on an as-converted basis) were issued for aggregate gross proceeds of \$15,000,000.

“**Cannus Shareholders**” means, collectively, the Cannus Common Shareholders and the Cannus Series A Shareholders.

“**Cannus Shares**” means, collectively, the Cannus Common Shares and the Cannus Series A Shares.

“**Cannus Warrants**” means, collectively the Cannus Common Share Warrants and the Cannus Series A Warrants.

“**CBCA**” means the *Canada Business Corporations Act*, as amended.

“**CIVC**” means Canadian Imperial Venture Corp., a corporation existing under the BCBCA.

“**CIVC Circular**” means the management proxy circular of CIVC to be provided to the CIVC Shareholders in respect of the CIVC Resolutions, and the other matters (if any) to be considered at the CIVC Meeting, if the CIVC Meeting is called by CIVC.

“**CIVC Meeting**” means the special meeting of the CIVC Shareholders, which may be held to

pass the CIVC Resolutions and any and all adjournments or postponements of such meeting.

“**CIVC Resolutions**” has the meaning ascribed thereto in 1.2(b)(i).

“**CIVC Securities Documents**” shall have the meaning ascribed to such term in Section 4.4(a).

“**CIVC Shareholders**” means the holders of CIVC Shares.

“**CIVC Shares**” means the common shares in the capital of CIVC prior to giving effect to the Consolidation.

“**CIVC Stock Option Plan**” means the stock option plan of CIVC.

“**CIVC Subco**” means 11326937 Canada Inc., a wholly-owned subsidiary of CIVC, incorporated under the CBCA for the purpose of effecting the Business Combination.

“**CIVC Subco Amalgamation Resolution**” means the resolution of CIVC, as sole shareholder of CIVC Subco, authorizing the Amalgamation and adopting this Agreement.

“**CIVC Subco Shares**” means the common shares in the capital of CIVC Subco.

“**Code**” means the United States Internal Revenue Code of 1986, as amended.

“**Common Share Debenture Indenture**” means the debenture indenture governing the Cannus Common Share Convertible Debentures.

“**Compelled Disclosure**” has the meaning ascribed to such term in Section 11.1(d)(ii).

“**Confidential Information**” has the meaning ascribed to such term in Section 11.1(a).

“**Consolidation**” means the consolidation of the CIVC Shares on a ratio to be mutually agreed upon by CIVC and Cannus (the “**Consolidation Ratio**”) such that there shall be an aggregate of 9,500,000 New CIVC Shares issued and outstanding on a post-Consolidation basis.

“**Consolidation Ratio**” has the meaning ascribed thereto in the definition of Consolidation.

“**Consolidation Resolution**” means the special resolution of the CIVC Shareholders authorizing the Consolidation.

“**Contract**” means any contract, lease, agreement, instrument, license, commitment, order, or quotation, written or oral.

“**CSE**” means the Canadian Securities Exchange.

“**CSE Policies**” means the governance policies issued by the CSE.

“**Debenture Financing**” means the private placement offering of Cannus Convertible Debentures and Cannus Warrants prior to the Business Combination.

“**Disclosing Party**” has the meaning ascribed to such term in Section 11.1(a).

“**Dissent Rights**” shall have the meaning ascribed to such term in Section 2.1.

“Effective Date” shall have the meaning ascribed to such term in Section 1.2(e).

“Effective Time” means 12:01 a.m. (Toronto time) on the Effective Date.

“Employee Plans” means all plans, arrangements, agreements, programs, policies or practices, whether oral or written, formal or informal, funded or unfunded, maintained for employees, including, without limitation:

- (a) any employee benefit plan or material fringe benefit plan;
- (b) any retirement savings plan, pension plan or compensation plan, including, without limitation, any defined benefit pension plan, defined contribution pension plan, group registered retirement savings plan or supplemental pension or retirement income plan;
- (c) any bonus, profit sharing, deferred compensation, incentive compensation, stock compensation, stock purchase, hospitalization, health, drug, dental, legal disability, insurance (including without limitation unemployment insurance), vacation pay, severance pay or other benefit plan, arrangement or practice with respect to employees or former employees, individuals working on contract, or other individuals providing services of a kind normally provided by employees; and
- (d) where applicable, all statutory plans, including, without limitation, the Canada or Québec Pension Plans.

“Encumbrance” includes any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, adverse claim, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

“Environmental Laws” means Laws regulating or pertaining to the generation, discharge, emission or release into the environment (including without limitation ambient air, surface water, groundwater or land), spill, receiving, handling, use, storage, containment, treatment, transportation, shipment, disposition or remediation or clean-up of any Hazardous Substance, as such Laws are amended and in effect as of the date hereof.

“Escrow Agent” has the meaning ascribed to such term in Section 8.1(f)(i).

“Government” means:

- (a) the government of Canada, or any foreign country;
- (b) the government of any Province, county, municipality, city, town, or district of Canada, or any foreign country;
- (c) any ministry, agency, department, authority, commission, administration, corporation, bank, court, magistrate, tribunal, arbitrator, instrumentality, or political subdivision of, or within the geographical jurisdiction of, any government described in the foregoing clauses (a) and (b); and

(d) the CSE and the TSXV.

“Government Official” means:

- (a) any official, officer, employee, or representative of, or any Person acting in an official capacity for or on behalf of, any Governmental Authority;
- (b) any salaried political party official, elected member of political office or candidate for political office; or
- (c) any company, business, enterprise or other entity owned or controlled by any Person described in the foregoing clauses.

“Governmental” means pertaining to any Government.

“Governmental Authority” means and includes, without limitation, any Government or other political subdivision of any Government, judicial, public or statutory instrumentality, court, tribunal, commission, board, agency (including those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or Person in question.

“Hazardous Substance” means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, waste or material, including hydrogen sulphide, arsenic, cadmium, copper, lead, mercury, petroleum, polychlorinated biphenyls, asbestos and urea-formaldehyde insulation, and any other material, substance, pollutant or contaminant regulated or defined pursuant to, or that could result in liability under, any applicable Environmental Law.

“IFRS” means International Financial Reporting Standards.

“Income Tax” means any Tax based on or measured by income (including without limitation, based on net income, gross income, income as specifically defined, earnings, profits or selected items of income, earnings or profits); and any interest, Penalties and additions to tax with respect to any such tax (or any estimate or payment thereof).

“Indemnified Party” shall have the meaning ascribed to such term in Section 7.10(a).

“Indemnifying Party” shall have the meaning ascribed to such term in Section 7.10(a).

“ITA” means the *Income Tax Act (Canada)*, as amended and all regulations thereunder.

“Law” means any of the following of, or issued by, any Government, in effect on or prior to the date hereof, including any amendment, modification or supplementation of any of the following from time to time subsequent to the original enactment, adoption, issuance, announcement, promulgation or granting thereof and prior to the date hereof: any statute, law, act, ordinance, code, rule or regulation of any writ, injunction, award, decree, judgment or order.

“Leased Premises” means premises leased by Cannus located at the National Orange Show Event Center in San Bernardino, California.

“Liability” of any Person means and include:

- (a) any right against such Person to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured;
- (b) any right against such Person to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to any equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured; and
- (c) any obligation of such Person for the performance of any covenant or agreement (whether for the payment of money or otherwise).

“Listing” means the listing of the New CIVC SV Shares on the CSE.

“Listing Statement” means the listing statement of CIVC to be prepared in accordance with the requirements of the CSE and filed with the CSE in connection with the Business Combination and the application for Listing.

“Material Adverse Change” or **“Material Adverse Effect”** means, with respect to either Party any change, event, effect, occurrence or state of facts that has, or could reasonably be expected to constitute a material adverse change in respect of or to have a material adverse effect on, the business, properties, assets, liabilities (including contingent liabilities), results of operations or financial condition of the Party and its subsidiaries, as applicable, taken as a whole. The foregoing shall not include any change or effects attributable to:

- (a) any matter that has been disclosed in writing to the other Party or any of its Advisers by a Party or any of its Advisers in connection with this Agreement;
- (b) changes relating to general economic, political or financial conditions;
- (c) the state of securities markets in general;
- (d) the Debenture Financing; or
- (e) the announcement of the Amalgamation.

“Name Change” means the change of CIVC’s name to “Ikanik Farms Inc.” or such other name as to be determined by Cannus in its sole discretion, and as is acceptable to the applicable Governmental Authorities.

“New Incentive Plan” means the new stock plan of CIVC following the Business Combination to be approved by the CIVC Shareholders at the CIVC Meeting.

“New CIVC Broker Warrants” means the broker warrants to be issued to the holders of Cannus Broker Rights at the Effective Time as part of the Business Combination.

“New CIVC Directors” shall have the meaning ascribed to such term in Section 1.4.

“New CIVC Management” shall have the meaning ascribed to such term in Section 1.4.

“New CIVC Securities” means the New CIVC Shares, New CIVC Warrants, New CIVC Broker Warrants and other securities of CIVC to be issued as part of the Amalgamation.

“New CIVC Series A Multiple Voting Shares” has the meaning set out in the definition of New CIVC Shares.

“New CIVC Series A Warrants” means the warrants to purchase New CIVC Series A Multiple Voting Shares issued in exchange for the Cannus Series A Warrants.

“New CIVC Shares” means, collectively, the shares of CIVC in the following classes (i) the subordinate voting shares (the **“New CIVC SV Shares”**); and (ii) the new class of compressed shares of CIVC (the **“New CIVC Series A Multiple Voting Shares”**), which New CIVC Series A Multiple Voting Shares shall have economic and voting rights equivalent to one hundred (100) times the New CIVC SV Shares and shall be convertible into or exchangeable or redeemable for New CIVC SV Shares, in each case with such terms and conditions as proposed by Cannus.

“New CIVC SV Shares” has the meaning set out in the definition of New CIVC Shares.

“New CIVC SV Warrants” means the warrants to purchase New CIVC SV Shares issued in exchange for the Cannus Common Share Warrants.

“New CIVC Warrants” means, collectively, the New CIVC SV Warrants and the New CIVC Series A Warrants.

“Non-Breaching Party” shall have the meaning ascribed to such term in Section 12.1(c).

“Parties” and **“Party”** means the parties to this Agreement.

“Penalty” means any civil or criminal penalty (including any interest thereon), fine, levy, lien, assessment, charge, monetary sanction or payment, or any payment in the nature thereof, of any kind, required to be made to any Government under any Law.

“Permit” shall have the meaning ascribed to such term in Section 3.1(d).

“Permitted Encumbrances” means (i) Encumbrances for Taxes not yet due and delinquent; (ii) inchoate or statutory Encumbrances of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of Cannus’ assets, provided that such Encumbrances are related to obligations not due or delinquent and in respect of which adequate holdbacks are being maintained as required by Law; and (iii) the right reserved to or vested in any Governmental Authority by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of Cannus, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition of their continuance.

“Person” means any corporation, partnership, limited liability company or partnership, joint venture, trust, unincorporated association or organization, business, enterprise or other entity; any individual; and any Government.

“Potential Acquisition” means any acquisition whereby Cannus may acquire, directly or indirectly, control of a third party, including, but not limited to, providing secured lending to third parties, which loan shall be deemed to be an acquisition for the purposes of this term.

“Potential Financing” means any financings, through either the issuance of equity or debt, that Cannus may decide, in its sole discretion, to complete.

“Principal Vendor” means Brian Baca.

“Public Record” means all information filed or to be filed by or on behalf of CIVC prior to the earlier of the Effective Date or the termination of this Agreement with any securities commission or regulatory authority in compliance, or intended compliance, with the continuous disclosure obligations applicable to a reporting issuer under applicable Laws.

“Recipient” has the meaning ascribed to such term in Section 11.1(a).

“Representatives” has the meaning ascribed to such term in Section 11.1(a).

“Series A Debenture Indenture” means the debenture indenture governing the Cannus Series A Convertible Debentures.

“subsidiary” means, with respect to a specified corporation, any corporation of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified corporation, and shall include any corporation in like relation to a subsidiary.

“Tax” means any tax, levy, charge or assessment imposed by or due any Government, together with any interest, Penalties, and additions to tax relating thereto, including without limitation, any of the following:

- (a) any Income Tax;
- (b) any franchise, sales, use and value added tax or any license or withholding tax; any payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, alternative or add-on minimum tax; and any customs duties or other taxes;
- (c) any tax on property (real or Personal, tangible or intangible, based on transfer or gains);
- (d) any estimate or payment of any of tax described in the foregoing clauses (a) through (c); and
- (e) any interest, Penalties and additions to tax with respect to any tax (or any estimate or payment thereof) described in the foregoing clauses (a) through (d).

“Tax Return” means all returns, amended returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns) required to be supplied to a Tax authority in Canada.

“Termination Date” means December 31, 2019.

“Third-Party Claim” shall have the meaning ascribed to such term in Section 7.10(a).

“Transaction Documents” means this Agreement and any other documents necessary or

reasonably required to consummate the transactions contemplated hereby.

“**TSXV**” means the TSX Venture Exchange.

“**U.S. Marijuana Laws**” means certain United States federal laws relating to the cultivation, distribution or possession of marijuana in the United States and other related judgments, orders or decrees in effect from time to time that provided that such cultivation, distribution or possession is illegal.

“**U.S. Person**” has the meaning set forth in Rule 902(k) of Regulation S under the U.S. Securities Act.

“**U.S. Purchaser**” has the meaning set forth in Section 7.11.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

**SCHEDULE B
AMALGAMATION APPLICATION**

See Attached.



**Canada Business Corporations Act (CBCA)
FORM 9
ARTICLES OF AMALGAMATION
(Section 185)**

1 - Corporate name of the amalgamated corporation

Cannus Partners Amalco 2019 Inc.

2 - The province or territory in Canada where the registered office is situated (do not indicate the full address)

Ontario

3 - The classes and any maximum number of shares that the corporation is authorized to issue

The Corporation is authorized to issue an unlimited number of common shares.

4 - Restrictions, if any, on share transfers

No share of the Corporation may be transferred unless its transfer complies with the restriction on the transfer of securities set out in Article 7 hereof.

5 - Minimum and maximum number of directors (for a fixed number of directors, indicate the same number in both boxes)

Minimum number

1

Maximum number

10

6 - Restrictions, if any, on the business the corporation may carry on

None

7 - Other provisions, if any

See attached Schedule A.

8 - The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows:

<input checked="" type="checkbox"/> 183 - Long form: approved by special resolution of shareholders	<input type="checkbox"/> 184(1) - Vertical short-form: approved by resolution of directors	<input type="checkbox"/> 184(2) - Horizontal short-form: approved by resolution of directors
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9 - Declaration

I hereby certify that I am a director or an authorized officer of the following corporation:

Name of the amalgamating corporations	Corporation number	Signature
Cannus Partners Inc.	1075039 -5	
11326937 Canada Inc.	1132693 -7	
	-	
	-	

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

Schedule A

7 – Other provisions, if any

Without in any way restricting the powers conferred upon the Corporation or its board of directors by the Canada Business Corporations Act, as now enacted or as the same may from time to time be amended, reenacted or replaced, the board of directors may from time to time, without authorization of the shareholders, in such amounts and on such terms as it deems expedient:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, re-issue, sell or pledge debt obligations of the Corporation;
- (c) subject to the provisions of the Canada Business Corporations Act, as now enacted or as the same may from time to time be amended, re-enacted or replaced, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

The board of directors may from time to time delegate to a director, a committee of directors or an officer of the Corporation any or all of the powers conferred on the board as set out above, to such extent and in such manner as the board shall determine at the time of such delegation.

No securities of the Corporation, other than non-convertible debt securities, shall be transferred without either:

- (a) the approval of the directors of the Corporation expressed by a resolution passed at a meeting of the board of directors or by a resolution in writing signed by all of the directors entitled to vote on that resolution at a meeting of directors; or
- (b) the approval of the holders of shares of the Corporation carrying at least a majority of the votes entitled to be cast at a meeting of shareholders, expressed by a resolution passed at a meeting of the holders of such shares or by an instrument or instruments in writing signed by the holders of a majority of such shares.

Except in the case of any class or series of shares of the Corporation listed on a stock exchange, the Corporation shall have a lien on the shares registered in the name of a shareholder or his legal representative for a debt of that shareholder to the Corporation.

Between annual and general meetings of the Corporation, the directors of the Corporation may appoint one or more additional directors to serve until the next annual and general meeting but the number of additional directors shall not at any time exceed one-third of the number of directors who held office at the expiration of the last annual and general meeting.

**IN THE MATTER OF THE CANADA BUSINESS CORPORATIONS ACT
AND
IN THE MATTER OF ARTICLES OF AMALGAMATION FILED PURSUANT TO SECTION 185
IN THE NAME**

CANNUS PARTNERS INC.

I, William Keating, of the City of Oakville, in the Province of Ontario, do solemnly declare that:

1. I am a director of Cannus Partners Inc., the amalgamating corporation (hereinafter called the "**Amalgamating Corporation**") and as such have personal knowledge of the matters herein declared to.
2. I have conducted such examinations of the books and records of the Amalgamating Corporation and have made such inquiries and investigations as are necessary to enable me to make this declaration.
3. There are reasonable grounds for believing that:
 - (i) the Amalgamating Corporation is, and the corporation to be formed by the amalgamation, will be able to pay its liabilities as they become due, and
 - (ii) the realizable value of such amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes.
4. There are reasonable grounds for believing that no creditor of any of the Amalgamating Corporation will be prejudiced by the amalgamation.

And I make this solemn declaration conscientiously believing that the same to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED before me at the)
_____ of _____,)
in the Province of _____)
this ____ day of _____,)
2019.)

William Keating

A Commissioner, etc.

**IN THE MATTER OF THE CANADA BUSINESS CORPORATIONS ACT
AND
IN THE MATTER OF ARTICLES OF AMALGAMATION FILED PURSUANT TO SECTION 185
IN THE NAME**

11326937 CANADA INC.

I, Jacqueline Tucker, of the City of Calgary, in the Province of Alberta, do solemnly declare that:

1. I am a director of 11326937 Canada Inc., the amalgamating corporation (hereinafter called the "**Amalgamating Corporation**") and as such have personal knowledge of the matters herein declared to.
2. I have conducted such examinations of the books and records of the Amalgamating Corporation and have made such inquiries and investigations as are necessary to enable me to make this declaration.
3. There are reasonable grounds for believing that:
 - (i) the Amalgamating Corporation is, and the corporation to be formed by the amalgamation, will be able to pay its liabilities as they become due, and
 - (ii) the realizable value of such amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes.
4. There are reasonable grounds for believing that no creditor of any of the Amalgamating Corporation will be prejudiced by the amalgamation.

And I make this solemn declaration conscientiously believing that the same to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED before me at the)
_____ of _____,)
in the Province of _____)
this ____ day of _____,)
2019.)

Jacqueline Tucker

A Commissioner, etc.



**Canada Business Corporations Act (CBCA)
FORM 2
INITIAL REGISTERED OFFICE ADDRESS AND FIRST BOARD OF DIRECTORS
(Sections 19 and 106)
To be filed with Articles of Incorporation, Amalgamation or Continuance**

1 - Corporate name

Cannus Partners Amalco 2019 Inc.

2 - Address of registered office (must be a street address; a P.O. Box is not acceptable)

Number and street name : 77 King Street West, Suite 2100, Scotia Plaza

City : Toronto Province or territory : Ontario Postal code : M5H 3C2

3 - Additional address

Care of : _____

Number and street name _____

City : _____ Province or territory : _____ Postal code : _____

4 - Members of the board of directors

FIRST NAME	LAST NAME	ADDRESS (a P.O. Box is not acceptable)	CANADIAN RESIDENT (Yes / No)
Brian	Baca	[Redacted text relating to personal information]	No
Ryan	Ciucki	[Redacted text relating to personal information]	No
William	Keating	[Redacted text relating to personal information]	Yes
Chad	White	[Redacted text relating to personal information]	No

5 - Declaration

I hereby certify that I am an incorporator of the new corporation, or that I am a director or an authorized officer of the corporation continuing into or amalgamating under the CBCA.

Signature: _____

Print name: William Keating Telephone number: 905-330-5002

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

**SCHEDULE C
ARTICLES OF AMALCO**

See Attached.



**Canada Business Corporations Act (CBCA)
FORM 9
ARTICLES OF AMALGAMATION
(Section 185)**

1 - Corporate name of the amalgamated corporation

Cannus Partners Amalco 2019 Inc.

2 - The province or territory in Canada where the registered office is situated (do not indicate the full address)

Ontario

3 - The classes and any maximum number of shares that the corporation is authorized to issue

The Corporation is authorized to issue an unlimited number of common shares.

4 - Restrictions, if any, on share transfers

No share of the Corporation may be transferred unless its transfer complies with the restriction on the transfer of securities set out in Article 7 hereof.

5 - Minimum and maximum number of directors (for a fixed number of directors, indicate the same number in both boxes)

Minimum number

1

Maximum number

10

6 - Restrictions, if any, on the business the corporation may carry on

None

7 - Other provisions, if any

See attached Schedule A.

8 - The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows:

<input checked="" type="checkbox"/>	183 - Long form: approved by special resolution of shareholders	<input type="checkbox"/>	184(1) - Vertical short-form: approved by resolution of directors	<input type="checkbox"/>	184(2) - Horizontal short-form: approved by resolution of directors
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9 - Declaration

I hereby certify that I am a director or an authorized officer of the following corporation:

Name of the amalgamating corporations	Corporation number	Signature
Cannus Partners Inc.	1075039 -5	
11326937 Canada Inc.	1132693 -7	
	-	
	-	

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

Schedule A

7 – Other provisions, if any

Without in any way restricting the powers conferred upon the Corporation or its board of directors by the Canada Business Corporations Act, as now enacted or as the same may from time to time be amended, reenacted or replaced, the board of directors may from time to time, without authorization of the shareholders, in such amounts and on such terms as it deems expedient:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, re-issue, sell or pledge debt obligations of the Corporation;
- (c) subject to the provisions of the Canada Business Corporations Act, as now enacted or as the same may from time to time be amended, re-enacted or replaced, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

The board of directors may from time to time delegate to a director, a committee of directors or an officer of the Corporation any or all of the powers conferred on the board as set out above, to such extent and in such manner as the board shall determine at the time of such delegation.

No securities of the Corporation, other than non-convertible debt securities, shall be transferred without either:

- (a) the approval of the directors of the Corporation expressed by a resolution passed at a meeting of the board of directors or by a resolution in writing signed by all of the directors entitled to vote on that resolution at a meeting of directors; or
- (b) the approval of the holders of shares of the Corporation carrying at least a majority of the votes entitled to be cast at a meeting of shareholders, expressed by a resolution passed at a meeting of the holders of such shares or by an instrument or instruments in writing signed by the holders of a majority of such shares.

Except in the case of any class or series of shares of the Corporation listed on a stock exchange, the Corporation shall have a lien on the shares registered in the name of a shareholder or his legal representative for a debt of that shareholder to the Corporation.

Between annual and general meetings of the Corporation, the directors of the Corporation may appoint one or more additional directors to serve until the next annual and general meeting but the number of additional directors shall not at any time exceed one-third of the number of directors who held office at the expiration of the last annual and general meeting.

SCHEDULE D
CERTIFICATE OF U.S. CANNUS SECURITYHOLDER

TO: Canadian Imperial Venture Corp.

AND TO: Cannus Partners Inc.

Pursuant to a Business Combination Agreement (the “**Agreement**”) among Canadian Imperial Venture Corp. (“**CIVC**”), 11326937 Canada Inc., a corporation incorporated under the federal laws of Canada and a wholly-owned subsidiary of CIVC (“**CIVC Subco**”), and Cannus Partners Inc. (“**Cannus**”) the shareholders of Cannus (the “**Cannus Shareholders**”) will exchange: (i) their outstanding common shares of Cannus (“**Cannus Common Shares**”) for common shares of CIVC (the “**New CIVC SV Shares**”); (ii) their outstanding Series A Compressed Shares of Cannus (“**Cannus Series A Shares**”, together with the Cannus Common Shares, the “**Cannus Shares**”) for Series A Compressed Shares of CIVC (the “**New CIVC Series A Multiple Voting Shares**”, together with the New CIVC SV Shares, the “**New CIVC Shares**”).

Cannus Shareholders and holders of Cannus Warrants and Cannus Broker Rights are collectively referred to herein as “**Cannus Securityholders**” and individually as a “**Cannus Securityholder**”. The New CIVC Shares, New CIVC Warrants, New CIVC Broker Warrants and other securities of CIVC are collectively referred to herein as the “**New CIVC Securities**”.

New CIVC Subco will amalgamate with Cannus (the “**Amalgamation**”). Immediately following the closing of the Amalgamation the name of CIVC will be changed to “Ikanik Farms Inc.” or another name acceptable to the parties.

The representations, warranties and covenants in this Certificate will form the basis for the exemptions from the registration requirements of the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and any applicable securities laws of any state of the United States, for the issuance of the New CIVC Securities to Cannus Securityholders in exchange for their Cannus Shares and other securities of Cannus upon completion of the Amalgamation (the “**Exchange**”).

In connection with the Amalgamation and the Exchange, the undersigned Cannus Securityholder, on its own behalf and on behalf of any beneficial holder for whom it is acting, represents and warrants to, and covenants with, CIVC and Cannus that:

1. It either alone or with his purchaser representative(s) has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of this prospective investment.
2. It is able to bear the economic risk of loss of its entire investment.
3. CIVC has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the Exchange, and it has had access to such information concerning CIVC as it has considered necessary or appropriate in connection with its investment decision to acquire the New CIVC Securities.
4. It understands that none of the New CIVC Securities have been or will be registered under the U.S. Securities Act, or the securities laws of any state of the United States, and that the issuance of the New CIVC Securities in exchange for the Cannus Securities

is being made only to “accredited investors”, as defined in Rule 501(a) of Regulation D under the U.S. Securities Act (“**Accredited Investors**”), and up to 35 non-Accredited Investors, in reliance on the exemption from such registration requirements provided by Rule 506(b) of Regulation D under the U.S. Securities Act and/or Section 4(a)(2) of the U.S. Securities Act.

5. It satisfies one of the following criteria (YOU MUST CHECK ONE):

_____ It is not an Accredited Investor. It is acquiring the New CIVC Securities for its own account and not with a view to any resale, distribution or other disposition of the Common Shares in violation of United States federal or state securities laws.

_____ it is an Accredited Investor acquiring the New CIVC Securities for its own account or for the account of one or more Accredited Investors with respect to which it is acting as fiduciary or agent and each such investor account is an Accredited Investor, for investment purposes, and not with a view to any resale, distribution or other disposition of the New CIVC Securities in violation of United States federal or state securities laws, and it has initialled next to each of the following categories of Accredited Investor applicable to it and has inserted “BP” next to each such category applicable to each person for whom we are acting:

_____ a bank as defined in section 3(a)(2) of the U.S. Securities Act, or a savings and loan association or other institution as defined in section 3(a)(5)(A) of the U.S. Securities Act whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to section 15 of the United States Securities Exchange Act of 1934, as amended; an insurance company as defined in section 2(a)(13) of the U.S. Securities Act; an investment company registered under the United States Investment Company Act of 1940, as amended, or a business development company as defined in section 2(a)(48) of that Act; a Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the United States Small Business Investment Act of 1958, as amended; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, with total assets in excess of U.S.\$5,000,000; an employee benefit plan within the meaning of the United States Employee Retirement Income Security Act of 1974, as amended, where the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or an employee benefit plan with total assets in excess of U.S.\$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

- _____ a private business development company as defined in section 202(a)(22) of the United States Investment Advisers Act of 1940, as amended;
- _____ an organization described in section 501(c)(3) of the Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of U.S.\$5,000,000;
- _____ any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
- _____ A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of this purchase exceeds US\$1,000,000; provided, however, that (i) person's primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability;
- _____ any natural person who had an individual income in excess of U.S.\$200,000 in each of the two most recent years or joint income with that person's spouse in excess of U.S.\$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- _____ a trust, with total assets in excess of U.S.\$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the U.S. Securities Act; or
- _____ any entity in which all of the equity owners meet the requirements of at least one of the above categories.

6. It is not acquiring the New CIVC Securities as a result of any form of "general solicitation or general advertising" (as such terms are used in Regulation D under the U.S. Securities Act), including, without limitation, advertisements, articles, notices or other

communications published in any newspaper, magazine or similar media or on the Internet, or broadcast over radio, television or the Internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

7. It agrees that if it decides to offer, sell, pledge or otherwise transfer any of the New CIVC Securities, it will not offer, sell, pledge or otherwise transfer any of such New CIVC Securities, directly or indirectly, unless the transfer is made:
 - (a) to CIVC;
 - (b) outside the United States in a transaction meeting the requirements of Rules 903 or 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;
 - (c) pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144 thereunder, if available, and in accordance with any applicable state securities laws; or
 - (d) in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws; and

it has prior to such transfer pursuant to subsection (c) or (d) furnished to CIVC an opinion of counsel of recognized standing in form and substance reasonably satisfactory to CIVC to such effect.

8. The certificates representing the New CIVC Securities, and any certificates issued in exchange or substitution for such securities, will bear a legend in substantially the following form:

“THE SECURITIES REPRESENTED HEREBY [AND IN THE CASE OF OPTIONS AND WARRANTS: AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR UNDER ANY STATE SECURITIES LAWS AND ARE “RESTRICTED SECURITIES” AS THAT TERM IS DEFINED IN RULE 144 UNDER THE U.S. SECURITIES ACT. THE HOLDER HEREOF, BY ACQUIRING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULES 903 or 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE ISSUER AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY

SATISFACTORY TO THE ISSUER TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

If the New CIVC Shares are being sold by a non-affiliate in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with Canadian local laws and regulations, the legend may be removed by providing a declaration to CIVC and its transfer agent substantially in the form set forth in Exhibit I hereto (or as CIVC may prescribe from time to time), and, if requested by CIVC’s transfer agent, an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to CIVC, to the effect that the transfer is being made in compliance with Rule 904 of Regulation S under the U.S. Securities Act.

If any of the New CIVC Securities are being sold pursuant to Rule 144 under the U.S. Securities Act, if available, the legend may be removed by delivery to CIVC and its transfer agent of an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to CIVC, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

9. It consents to CIVC making a notation on its records or giving instructions to its transfer agent in order to implement the restrictions on transfer set forth and described in this Certificate.
10. It understands and agrees that: (i) there may be material tax consequences to the Cannus Securityholder of the acquisition, holding, exercise or disposition of the New CIVC Securities, (ii) it is the sole responsibility of the Cannus Securityholder to determine and assess such tax consequences as may apply to its particular circumstances and (iii) it is not relying on any representation, warranty or other statement made by CIVC as to the tax consequences to such Cannus Securityholder of the acquisition, holding, exercise or disposition of the New CIVC Securities. It acknowledges and agrees that CIVC has not and will not give any opinion or any representation with respect to the tax consequences to the Cannus Securityholder under United States, state, local or foreign tax law of the undersigned’s acquisition, holding, exercise or disposition of such New CIVC Securities; in particular, no determination has been or will be made whether CIVC will be a “passive foreign investment company” (“**PFIC**”) within the meaning of Section 1297 of the Code.
11. It understands and acknowledges that: (i) if CIVC were to be classified as a PFIC for a tax year in which the Cannus Securityholder owns New CIVC Securities, the Cannus Securityholder generally would be subject to certain adverse United States federal income tax consequences that might be mitigated if it were to make a timely “qualified electing fund” (“**QEF**”) election (as such term is defined in the Code); (ii) the Cannus Securityholder’s ability to make a QEF election will depend in part upon CIVC complying with certain record keeping and information delivery requirements; and (iii) there is no assurance that CIVC will satisfy the record keeping requirements that apply to a PFIC, or that CIVC will supply the Cannus Securityholder with the information that the Cannus Securityholder is required to report under QEF rules if CIVC is a PFIC and the Cannus Securityholder wishes to make a QEF election. Therefore, the Cannus Securityholder understands and acknowledges that it may not be able to make a QEF election with respect to the New CIVC Securities.

12. It understands that the financial statements of CIVC have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies.
13. The Cannus Securityholder is in the United States. The address at which the Cannus Securityholder received and accepted the offer to acquire the New CIVC Securities is the address listed on the execution page of this Certificate.
14. It understands that the New CIVC Securities are “restricted securities”, as defined in Rule 144(a)(3) under the U.S. Securities Act, and that the Cannus Securityholder may dispose of the New CIVC Securities only pursuant to an effective registration statement under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act. The Cannus Securityholder understands and acknowledges that CIVC is not obligated to file and has no present intention of filing with the United States Securities and Exchange Commission or with any state securities administrator any registration statement in respect of resales of the New CIVC Securities in the United States. Accordingly, the Cannus Securityholder understands that absent registration under the U.S. Securities Act or an exemption therefrom, the Cannus Securityholder may be required to hold the New CIVC Securities indefinitely.
15. It understands that (i) CIVC is deemed to be an issuer that is, or that has been at any time previously, an issuer with no or nominal operations and no or nominal assets other than cash and cash equivalents (a “**Shell Company**”), and that Rule 144 under the U.S. Securities Act is not available for resales of the New CIVC Securities, and (ii) CIVC is not obligated to make Rule 144 under the U.S. Securities Act available for resales of the New CIVC Securities. Since CIVC would be considered to have been a Shell Company, consequently, Rule 144 under the U.S. Securities Act is not available for resales of the New CIVC Securities unless and until CIVC has satisfied the applicable conditions set forth in Rule 144 under the U.S. Securities Act or in other guidance issued by the United States Securities and Exchange Commission. In general terms, the satisfaction of such conditions would require CIVC to have been a registrant under the United States Securities Exchange Act of 1934, as amended, for at least 12 months, to be in compliance with its reporting obligations thereunder, and to have filed certain information with the United States Securities and Exchange Commission at least 12 months prior to the intended resale (or to have satisfied similar requirements under applicable Canadian Securities Laws). As a result, Rule 144 under the U.S. Securities Act may never be available for resales of the New CIVC Securities.
16. It understands that CIVC is incorporated under the laws of British Columbia, that substantially all of CIVC’s assets are located outside the United States and that most or all of its directors and officers are residents of countries other than the United States, and, as a result, it may be difficult for the Cannus Securityholder to effect service of process within the United States upon CIVC or its directors or officers, or to realize in the United States upon judgments of courts of the United States predicated upon civil liability of CIVC and its directors and officers under the U.S. federal securities laws.
17. It understands that no agency, governmental authority, regulatory body, stock exchange or other entity (including, without limitation, the United States Securities and Exchange Commission or any state securities commission) has made any finding or determination

as to the merit of investment in, nor have any such agencies or governmental authorities made any recommendation or endorsement with respect, to the New CIVC Securities. Any representation to the contrary is a criminal offense.

18. If required by applicable securities legislation, regulatory policy or order or by any securities commission, stock exchange or other regulatory authority, it will execute, deliver and file and otherwise assist CIVC in filing reports, questionnaires, undertakings and other documents with respect to the issue of the New CIVC Securities.
19. It understands and acknowledges that it is making the representations and warranties and agreements contained herein with the intent that they may be relied upon by CIVC and Cannus in determining its eligibility to acquire the New CIVC Securities in exchange for the Cannus Shares upon completion of the Amalgamation and will form the basis of the exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws for the issuance of the New CIVC Securities in exchange for the Cannus Shares following completion of the Amalgamation.

“United States” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

The statements made in this Certificate are true and accurate to the best of my / our information and belief and I / we will promptly notify CIVC and Cannus of any changes in any representation, warranty, agreement or other information relating to the undersigned set forth herein which takes place prior to the acquisition of the New CIVC Securities.

In order to receive their New CIVC Securities, each Cannus Securityholder that is in the United States must complete and sign this Certificate.

Capitalized terms used in this Schedule D and not defined herein have the meaning ascribed thereto in the Agreement to which this Schedule is annexed.

(SIGNATURE PAGE FOLLOWS)

ONLY U.S. CANNUS SECURITYHOLDERS NEED COMPLETE AND SIGN

Dated _____, 20__

X

Signature of individual (if Cannus Securityholder **is** an individual)

X

Authorized signatory (if Cannus Securityholder is **not** an individual)

Name of Cannus Securityholder (**please print**)

Name of authorized signatory (**please print**)

Official capacity of authorized signatory (**please print**)

Address of Cannus Securityholder

EXHIBIT I
TO SCHEDULE D
DECLARATION FOR REMOVAL OF LEGEND

TO: _____, as registrar and transfer agent for the common shares of the Canadian Imperial Venture Corp.

AND TO: Canadian Imperial Venture Corp./Cannus Brands Inc. (the “**Issuer**”)

The undersigned (A) acknowledges that the sale of the common shares of CIVC represented by certificate number _____, to which this declaration relates, is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and (B) certifies that (1) the seller is not (a) an “affiliate” (as that term is defined in Rule 405 under the U.S. Securities Act) of the Issuer, (b) a “distributor” as defined in Regulation S or (c) an affiliate of a distributor; (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of a “designated offshore securities market” and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of “washing off” the resale restrictions imposed because the securities are “restricted securities” (as that term is defined in Rule 144(a)(3) under the U. S. Securities Act); (5) the seller does not intend to replace securities sold in reliance on Rule 904 of Regulation S with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions, which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the U. S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

X

Signature of individual (if Cannus Securityholder is an individual)

X

Authorized signatory (if Cannus Securityholder is not an individual)

Name of Cannus Securityholder (please print)

Name of authorized signatory (please print)

Official capacity of authorized signatory (please print)

**Affirmation by Seller's Broker-Dealer
Required for sales pursuant to Section (B)(2)(b) above**

We have read the foregoing representations of our customer, _____ (the "Seller") dated _____, with regard to the sale, for such Seller's account, of the common shares of the Issuer represented by certificate number _____ described therein (the "Securities"). We have executed or will execute sales of the Securities pursuant to Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), on behalf of the Seller. In that connection, we hereby represent to you as follows:

- (1) no offer to sell Securities was or will be made to a person in the United States;
- (2) the sale of the Securities was or will be executed in, on or through the facilities of the Canadian Securities Exchange, the Toronto Stock Exchange, the TSX Venture Exchange or another designated offshore securities market (as defined in Rule 902(b) of Regulation S under the U.S. Securities Act), and, to the best of our knowledge, the sale was not or will not be pre-arranged with a buyer in the United States;
- (3) no "directed selling efforts" were or will be made in the United States by the undersigned, any affiliate of the undersigned, or any person acting on behalf of the undersigned; and
- (4) we have done and will do no more than execute the order or orders to sell the Securities as agent for the Seller and will receive no more than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

For purposes of these representations:

"**affiliate**" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned;

"**directed selling efforts**" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Securities (including, but not be limited to, the solicitation of offers to purchase the Securities from persons in the United States); and

"**United States**" means the United States of America, its territories or possessions, any State of the United States, and the District of Columbia.

Legal counsel to CIVC shall be entitled to rely upon the representations, warranties and covenants contained herein to the same extent as if this affirmation had been addressed to them.

Name of Firm

Name of Firm

By:

Authorized Officer

Dated: _____, 20__

AMENDMENT AGREEMENT TO BUSINESS COMBINATION AGREEMENT

THIS AGREEMENT (the “**Agreement**”) is made the 26th day of April, 2019.

AMONG:

CANADIAN IMPERIAL VENTURE CORP., a corporation existing under the *Business Corporations Act* (British Columbia)

(“**CIVC**”)

AND:

CANNUS PARTNERS INC. d/b/a Ikānik Farms, a company existing under the *Canada Business Corporations Act*

(“**Cannus**”)

AND:

11326937 CANADA INC., a company existing under the *Canada Business Corporations Act*

(“**CIVC Subco**”)

WHEREAS:

- A. The Parties entered into a business combination agreement dated April 2, 2019 (the “**Business Combination Agreement**”);
- B. The Parties seek to amend the Business Combination Agreement to:
 - (i) modify Section 8.1(f)(i) of the Business Combination Agreement,
 - (ii) modify Section 8.1(f)(ii) of the Business Combination Agreement,
 - (iii) modify Section 8.1(f)(iii) of the Business Combination Agreement,
 - (iv) delete the condition precedent in favour of Cannus at Section 9.1(c)(i) of the Business Combination Agreement, and
 - (v) revise the definition of “Cannus Series A Warrants” in Schedule A of the Business Combination Agreement;
- C. Pursuant to Section 13.9 of the Business Combination Agreement, the Parties may amend the Business Combination by written agreement of all the Parties; and
- D. Capitalized terms used herein, including the recitals, and not otherwise defined herein shall have the meaning ascribed to them in the Business Combination Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and

sufficiency of which is hereby expressly acknowledged by each Party, the Parties hereto agree as follows:

1. Amendments to Business Combination Agreement

1.1. The Parties hereby agree to make the following amendments to the Business Combination Agreement:

- (a) Section 8.1(f)(i) of the Business Combination Agreement is deleted in its entirety and replaced with the following:

Subject to CSE listing requirements, each: (A) Cannus Shareholder who participated in the Cannus Share Exchange; (B) holder of Cannus Warrants (excluding Cannus Warrants issued in connection with the Cannus Seed Financing or to be issued in connection with the Debenture Financing); and (C) holder of Cannus Securities issued in connection with a Potential Acquisition, shall execute and deliver to CIVC a voluntary lock-up agreement in form and substance agreed to by CIVC and Cannus, each acting reasonably, to be effective as of the Effective Date, whereby such Person agrees that they will not offer, sell, transfer, pledge or otherwise dispose of or transfer the economic consequences of any New CIVC Shares or New CIVC Warrants (and any securities issuable upon exercise of such New CIVC Warrants) issued to or held by such Persons in exchange for the Cannus Securities held by such Persons by virtue of the issuances described above in this Section 8.1(f)(i) for a period of 120 days after the Listing date.

- (b) Section 8.1(f)(ii) of the Business Combination Agreement is deleted in its entirety and replaced with the following:

*Subject to CSE listing requirements, each: (A) Cannus Shareholder who participated in the Cannus Seed Financing; and (B) holder of Cannus Warrants issued in connection with the Cannus Seed Financing shall execute and deliver to CIVC a voluntary lock-up agreement in form and substance agreed to by CIVC and Cannus, each acting reasonably, to be effective as of the Effective Date, whereby such Person agrees that they will not offer, sell, transfer, pledge or otherwise dispose of or transfer the economic consequences of any New CIVC Shares or New CIVC Warrants (and any securities issuable upon exercise of such New CIVC Warrants) (the “**Locked-up Seed Financing Securities**”) issued to or held by such Persons in exchange for the Cannus Securities held by such Persons by virtue of the issuances described above in this Section 8.1(f)(ii) for a period of 90 days after the Listing date, with respect to 50% of the Locked-up Seed Financing Securities, and 180 days after the Listing date, with*

respect to the remaining 50% of the Locked-up Seed Financing Securities.

- (c) Section 8.1(f)(iii) of the Business Combination Agreement is deleted in its entirety and replaced with the following:

Subject to CSE listing requirements, each Person who participates in the Debenture Financing shall execute and deliver to CIVC a voluntary lock-up agreement, in form and substance agreed to by CIVC and Cannus, each acting reasonably, to be effective as of the Effective Date, whereby such Person agrees that they will not offer, sell, transfer, pledge or otherwise dispose of or transfer the economic consequences of any New CIVC Shares or New CIVC Warrants (and any securities issuable upon exercise of such New CIVC Warrants) issued to or held by such Persons in exchange for the Cannus Securities held by such Persons by virtue of the issuances described above in this Section 8.1(f)(iii) for a period of 120 days after the Listing date.

- (d) Section 9.1(c) (and for greater clarity, Section 9.1(c) includes Section 9.1(c)(i)) of the Business Combination Agreement is deleted in its entirety and replaced with the following:

On completion of the Business Combination and receipt of conditional approval for the listing on the CSE, each of the parties as required by the CSE shall have entered into an escrow agreement upon the terms and conditions imposed pursuant to the policies of the CSE and Canadian Securities Laws.

- (e) Schedule A to the Business Combination Agreement is hereby amended by deleting the existing definition of “Cannus Series A Warrants” with the following new definition:

*“**Cannus Series A Warrants**” means the warrants to purchase Cannus Series A Shares, including the warrants that are exercisable for a period of 36 months following the closing date of the Cannus Seed Financing, at a price of CAD\$0.30 per Cannus Series A Share, and the warrants to purchase Cannus Series A Shares issued pursuant to the Debenture Financing.*

2. General

- 2.1. Capitalized terms used herein, including the recitals, and not otherwise defined herein shall have the meaning ascribed to them in the Business Combination Agreement.
- 2.2. Except as amended hereby, the Business Combination Agreement continues in full force and effect and the Business Combination Agreement and this Agreement will be read and construed together as one agreement. The Parties ratify and affirm the Business

Combination Agreement as amended hereby (the “**Amended Business Combination Agreement**”), and agree that the Amended Business Combination Agreement contains the entire understanding of the Parties hereto with respect to the subject matter hereof. The Amended Business Combination Agreement supersedes all prior agreements and understandings between the Parties with respect to the subject matter hereof.

- 2.3. Each Party, upon the request of another Party, shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged or delivered, all such further acts, deeds, documents and assurances as may be reasonably necessary or desirable to give effect to the transactions contemplated by the Amended Business Combination Agreement.
- 2.4. The Amended Business Combination Agreement is governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable herein, and the Parties hereby attorn to the jurisdiction of the Courts of competent jurisdiction of British Columbia in any proceeding hereunder.
- 2.5. This Agreement is effective as of the day, month and year written on the first page hereof notwithstanding the actual date of execution.
- 2.6. This Agreement may be executed in counterpart and such counterparts together shall constitute a single instrument. Delivery of an executed counterpart of this Agreement by electronic means, including by DocuSign, facsimile transmission or by electronic delivery in portable document format (“.pdf”), shall be equally effective as delivery of a manually executed counterpart hereof. The Parties acknowledge and agree that in any legal proceedings between them respecting or in any way relating to this Agreement, each waives the right to raise any defense based on the execution hereof in counterparts or the delivery of such executed counterparts by electronic means.

[The remainder of this page has been intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day, month and year first above written.

CANADIAN IMPERIAL VENTURE CORP.

By: /s/ Jacqueline M. Tucker
Name: Jacqueline M. Tucker
Title: Chief Executive Officer and Director

CANNUS PARTNERS INC.

By: /s/ Brian Baca
Name: Brian Baca
Title: Chief Executive Officer and Director

11326937 CANADA INC.

By: /s/ Jacqueline M. Tucker
Name: Jacqueline M. Tucker
Title: President and Director

AMENDMENT AGREEMENT TO BUSINESS COMBINATION AGREEMENT

THIS AGREEMENT (the “**Agreement**”) is made the 25th day of March, 2021.

AMONG:

CANADIAN IMPERIAL VENTURE CORP., a corporation existing under the *Business Corporations Act* (British Columbia)

(“**CIVC**”)

AND:

IKANIK FARMS INC. (formerly Cannus Partners Inc.), a corporation existing under the *Business Corporations Act* (British Columbia)

(“**Ikanik**”)

AND:

1295446 B.C. LTD. (formerly 11326937 Canada Ltd.), a corporation existing under the *Business Corporations Act* (British Columbia)

(“**CIVC Subco**”, together with CIVC and Ikanik, the “**Parties**”)

WHEREAS:

- A. The Parties entered into a business combination agreement dated April 2, 2019, as amended (the “**First Amendment**”) on April 26, 2019 (the “**Business Combination Agreement**”);
- B. The Parties seek to further amend the Business Combination Agreement to provide for: (i) a continuation of Ikanik and CIVC Subco into British Columbia under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”); and (ii) a vertical short-form amalgamation of Amalco and CIVC under section 273 of the BCBCA following the Effective Date;
- C. Pursuant to Section 13.9 of the Business Combination Agreement, the Parties may amend the Business Combination by written agreement of all the Parties;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged by each Party, the Parties hereto agree as follows:

1. Second Amendment to Business Combination Agreement

- 1.1. The Parties hereby agree to make the following further amendment to the Business Combination Agreement:

- (a) the recitals of the Business Combination Agreement are deleted in their entirety and replaced with the following:

WHEREAS CIVC is a reporting issuer in the provinces of British Columbia, Ontario and Alberta whose common shares are listed on the NEX board of the TSX Venture Exchange (the “**TSXV**”);

AND WHEREAS Ikanik is engaged in the Ikanik Business (as defined herein);

AND WHEREAS CIVC desires to acquire all of the issued and outstanding shares of Ikanik by means of a three-cornered amalgamation pursuant to Section 269 of the Business Corporations Act (British Columbia) (the “**BCBCA**”) among CIVC, Ikanik and CIVC Subco;

AND WHEREAS the Ikanik Meeting was duly called and held on March 27, 2020 where Ikanik Shareholders approved and authorized: (a) the continuance of Ikanik into British Columbia under the BCBCA and (b) the Amalgamation (as herein defined) (the “**Ikanik Resolutions**”);

AND WHEREAS Ikanik continued into British Columbia under the BCBCA on March 30, 2020;

AND WHEREAS CIVC Subco continued into British Columbia under the BCBCA on March 19, 2021;

AND WHEREAS immediately following the Effective Time, Amalco (as hereinafter defined) and CIVC will complete the Vertical Amalgamation (as hereinafter defined);

AND WHEREAS the Parties wish to make certain representations, warranties, covenants and agreements in connection with the Business Combination (as hereinafter defined);

AND WHEREAS it is intended by the Parties that for U.S. federal income tax purposes (i) the continuation of Ikanik to British Columbia qualifies as a reorganization under Section 368(a)(1)(F) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”); (ii) the Amalgamation and the Vertical Amalgamation constitute a single integrated transaction qualifying as a reorganization within the meaning of Section 368 of the Code; and (iii) immediately following the Amalgamation and Vertical Amalgamation, CIVC will be treated as a U.S. domestic corporation pursuant to Section 7874(b) of the Code;

NOW THEREFORE, in consideration of the mutual benefits to be derived and the representations and warranties, conditions and promises herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) and intending to be legally bound hereby, the Parties agree as follows:

- (b) All references to “Cannus Partners Inc.” or “Cannus” when referring to Ikanik in the Business Combination Agreement shall be read as reference to “Ikanik Farms Inc.” or “Ikanik”, as applicable.
- (c) All references to “11326937 Canada Ltd.” when referring to CIVC Subco in the Business Combination Agreement shall be read as reference to “1295446 B.C. Ltd.”, as applicable.
- (d) Section 1.2(b)(ii) of the Business Combination Agreement is deleted in its entirety and replaced with the following:
 - (ii) *[Intentionally deleted];*
- (e) Section 1.2(c) of the Business Combination Agreement is deleted in its entirety and replaced with the following:
 - (c) *Prior to the Effective Time, CIVC shall obtain board approval for and shall, on the Effective Date, complete and file Articles of Amendment, in the prescribed form, giving effect to the Consolidation, the Name Change and, if determined necessary by Ikanik, creating the New CIVC SV Shares and the New CIVC Series A Multiple Voting Shares, upon and subject to the terms of this Agreement.*
- (f) Section 1.2(d) of the Business Combination Agreement is deleted in its entirety and replaced with the following:
 - (d) *Upon the CIVC Subco Resolutions being passed by CIVC and the Ikanik Resolutions being passed by the Ikanik Shareholders, in accordance with the requirements of the BCBCA, and the filing of the Articles of Amendment set forth in paragraph (c) above, CIVC Subco and Ikanik shall jointly complete and file a Form 13 (Amalgamation Application with the British Columbia Registrar of Companies under the BCBCA), substantially in the form set forth in Schedule B hereto giving effect to the Amalgamation of CIVC Subco and Ikanik upon and subject to the terms of this Agreement.*
- (g) New Section 1.2(g)(vi) shall be inserted into the Business Combination Agreement as follows:
 - (vi) *the principal amount plus any interest accrued thereon of the issued and outstanding Ikanik Convertible Debentures will be adjusted to reflect the Amalgamation such that upon the*

conversion of the Ikanik Convertible Debenture in accordance with their terms the holder shall receive such number of New CIVC SV Shares, New CIVC Series A Multiple Voting Shares or New CIVC SV Warrants, as applicable, at the applicable conversion price, in lieu of the number of Ikanik Shares or Ikanik Warrants, as applicable, otherwise issuable upon such conversion and shall continue to accrue interest until either converted (whether automatically or voluntarily) or the maturity date, whichever is earlier.

- (h) New Section 1.2(i.1) shall be inserted into the Business Combination Agreement as follows:

(i.1) Immediately following the Effective Time:

(i) Upon the Vertical Amalgamation Resolution being passed by the directors of CIVC in accordance with the requirements of the BCBCA, Amalco and CIVC shall jointly complete and file a Form 13 (Amalgamation Application) with the British Columbia Registrar of Companies under the BCBCA giving effect to the Vertical Amalgamation of Amalco and CIVC upon and subject to the terms of this Agreement.

(ii) Upon the issue of a Certificate of Amalgamation giving effect to the Vertical Amalgamation, Amalco and CIVC shall be amalgamated and shall continue as one company effective on the date of the Certificate of Amalgamation with respect to the Vertical Amalgamation under the terms and conditions prescribed in the BCBCA and this Agreement.

- (i) Section 1.2(j) of the Business Combination Agreement is deleted in its entirety and replaced with the following:

(j) If an Ikanik Dissenting Shareholder fails to perfect or effectively withdraws its claim under section 190 of the CBCA or section 238 of the BCBCA or forfeits its right to make a claim under section 190 of the CBCA or section 238 of the BCBCA or if its rights as a Ikanik Shareholder are otherwise reinstated, such holder's Ikanik Shares shall thereupon be deemed to have been exchanged as of the Effective Time as prescribed by paragraphs 1.2(g)(i), and (g)(ii), as applicable, as further described in Section 2.1.

- (j) Section 1.2(l) of the Business Combination Agreement is deleted in its entirety and replaced with the following:

(l) For U.S. federal income tax purposes, this Agreement is intended to constitute, and the Parties hereby adopt this Agreement as, a "plan of reorganization" within the meaning of

Treasury Regulations Sections 1.368-2(g) and 1.368-3(a). Each Party agrees that, for U.S. federal income tax purposes, (a) it shall treat the Amalgamations as a single integrated transaction qualifying as a tax-deferred reorganization within the meaning of Section 368(a)(1)(A) of the Code; (b) that it shall report the Amalgamations as a "reorganization" within the meaning of Section 368(a)(1)(A) of the Code and it shall not take any tax reporting position inconsistent with such treatment for U.S. federal, state and other relevant tax purposes; (c) Ikanik, CIVC and CIVC Subco are "parties to a reorganization" within the meaning of Section 368(b) of the Code; (d) it shall retain such records and file such information as is required to be retained and filed pursuant to Treasury Regulation Section 1.368(a)-3 in connection with the Amalgamations; and (e) it shall otherwise use its best efforts to cause the Amalgamations to qualify as a "reorganization" within the meaning of Section 368(a)(1)(A) of the Code. In connection with the Amalgamations and at all times from and after the Effective Date, the Parties agree to treat CIVC as a United States domestic corporation for U.S. federal income tax purposes pursuant to Section 7874(b) of the Code. The Parties also intend that the continuation of Ikanik to British Columbia (the "Continuation") will qualify as a tax-deferred reorganization under Section 368(a)(1)(F) of the Code. No Party shall take any action, fail to take any action, cause any action to be taken or cause any action to be taken or cause any action to fail to be taken that could reasonably be expected to prevent (1) the Amalgamations from qualifying as a "reorganization" within the meaning of Section 368(a)(1)(A) of the Code, (2) CIVC from being treated as a United States domestic corporation for U.S. federal income tax purposes pursuant to Section 7874(b) of the Code or (3) the Continuation from qualifying as a "reorganization" under Section 368(a)(1)(F) of the Code. Each Party hereto agrees to act in good faith, consistent with the intent of the Parties and the intended U.S. federal income tax treatment of the Amalgamations and the Continuation as set forth in this Section 1.2(l).

- (k) Section 1.3(a) of the Business Combination Agreement is deleted in its entirety and replaced with the following:

(a) Name. The name of Amalco shall be "1295446 B.C. Ltd."

- (l) Section 1.3(b) of the Business Combination Agreement is deleted in its entirety and replaced with the following:

(b) Registered and Records Offices. The address of the registered and records offices of Amalco shall be: 2200 HSBC Building 885 West Georgia Street, Vancouver BC, V6C 3E8.

- (m) Section 1.3(e) of the Business Combination Agreement shall be revised by replacing the chart with the following:

Full Name & Address	Position
Brian Baca [REDACTED] [REDACTED]	Chief Executive Officer, President and Director
Ryan Ciucki [REDACTED] [REDACTED]	Chief Financial Officer, Director
William Keating [REDACTED] [REDACTED]	Chief Operating Officer, Director, Secretary

- (n) Section 1.3(j) of the Business Combination Agreement is deleted in its entirety and replaced with the following:

(j) Compliance. The Amalgamation shall be completed in compliance with sections 269 to 272 of the BCBCA.

- (o) Sections 1.4 and 6.10(a) of the Business Combination Agreement shall be revised by replacing the words “five (5)” with “six (6)” in the second line.
- (p) Section 2.1 of the Business Combination Agreement shall be deleted in its entirety and replaced with the following:

2.1 Dissent Rights

Registered Ikanik Shareholders may exercise rights of dissent (“Dissent Rights”) from (i) the continuation into British Columbia pursuant to and in the manner set forth under section 190 of the CBCA; and (ii) the Amalgamation pursuant to and in the manner set forth under section 238 of the BCBCA, provided that holders who exercise such rights of dissent and who:

(a) are ultimately entitled to be paid fair value for their Ikanik Shares, which fair value shall be the fair value of such shares as at the close of business on the day prior to the Ikanik Meeting, shall be paid an amount equal to such fair value by Amalco; and

(b) are ultimately not entitled, for any reason, to be paid fair value for their Ikanik Shares, shall be deemed to have participated in the continuation into British Columbia and the Amalgamation, as of the Effective Time, on the same basis as a non-dissenting holder of Ikanik Shares and shall be entitled to receive only the consideration contemplated in subsection 1.2(g) hereof that such holder would have received pursuant to the Amalgamation if such holder had not exercised Dissent Rights;

but in no case shall CIVC, CIVC Subco, Ikanik or any other Person be required to recognize holders of Ikanik Shares who exercise Dissent Rights as holders of Ikanik Shares after the time that is immediately prior to the Effective Time, and the names of such holders of Ikanik Shares who exercise Dissent Rights shall be deleted from the register of Ikanik Shareholders at the Effective Time. In no circumstances shall CIVC, CIVC Subco, Ikanik or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of Ikanik Shares in respect of which such Dissent Rights are sought to be exercised. A registered holder of Ikanik Shares is not entitled to exercise Dissent Rights with respect to Ikanik Shares if such holder votes (or instructs, or is deemed, by submission of any incomplete proxy, to have instructed his, her or its proxyholder to vote) in favour of the resolution approving the Amalgamation at the Ikanik Meeting.

- (q) Section 3.2(a)(iii) of the Business Combination Agreement is deleted in its entirety and replaced with the following:

*(iii) the filing of a Form 13 (Amalgamation Application) with the British Columbia Registrar of Companies under the BCBCA;
and*

- (r) Section 4.2(a)(iv) of the Business Combination Agreement is deleted in its entirety and replaced with the following:

*(iii) the filing of a Form 13 (Amalgamation Application) with the British Columbia Registrar of Companies under the BCBCA;
and*

- (s) Section 6.5 of the Business Combination Agreement shall be revised by replacing the words "Prior to the Effective Time" with "On the Effective Date" in the first line.

- (t) New Section 8.1(k) shall be inserted into the Business Combination Agreement as follows:

(k) Ikanik shall have continued into British Columbia under the BCBCA.

- (u) New Section 9.1(y) shall be inserted into the Business Combination Agreement as follows:

(y) CIVC Subco shall have continued into British Columbia under the BCBCA.

- (v) The defined term, "Amalgamation", is deleted in its entirety and replaced with the following:

“Amalgamation” means an amalgamation of CIVC Subco and Ikanik pursuant to sections 269 to 272 of the BCBCA, on the terms and subject to the conditions set out in this Agreement, subject to any amendments or variations thereto made in accordance with the provisions of this Agreement.

- (w) The new defined term, “Amalgamations”, shall be inserted into the Business Combination Agreement as follows:

“Amalgamations” means, collectively, the Amalgamation and Vertical Amalgamation.

- (x) The defined term, “Ikanik Circular”, is deleted in its entirety and replaced with the following:

“Ikanik Circular” means the management information circular of Ikanik dated March 16, 2020 provided to the Ikanik Shareholders in respect of the Ikanik Resolutions and the other matters considered at the Ikanik Meeting.

- (y) The new defined term, “Ikanik 2019 Convertible Debentures”, shall be inserted into the Business Combination Agreement as follows:

“Ikanik 2019 Convertible Debentures” means the 6.0% unsecured convertible debentures by Ikanik Farms on May 3, 2019 and May 3, 2020, maturing on the earlier of: (a) the date that is eighteen (18) months after the occurrence of the Amalgamation and (b) August 28, 2022, which are convertible into either Ikanik Shares or Ikanik Series A Shares at a conversion price equal to \$0.61 or \$61.00, respectively.

- (z) The new defined term, “Ikanik Convertible Debentures”, shall be inserted into the Business Combination Agreement as follows:

“Ikanik 2020 Convertible Debentures” means the 8.0% unsecured convertible debentures issued on June 23, 2020, maturing twelve (12) months therefrom, which are convertible into New CIVC SV Shares and New CIVC SV Warrants;

- (aa) The new defined term, “Ikanik Convertible Debentures”, shall be inserted into the Business Combination Agreement as follows:

“Ikanik Convertible Debentures” mean, collectively, the Ikanik 2019 Convertible Debentures and the Ikanik 2020 Convertible Debentures;

- (bb) The defined term, “Ikanik Dissenting Procedures”, is deleted in its entirety and replaced with the following:

“Ikanik Dissenting Procedures” means the dissent procedures provided to Ikanik Shareholders pursuant to the CBCA and the BCBCA, as applicable.

- (cc) The defined term, “Ikanik Meeting”, is deleted in its entirety and replaced with the following:

“Ikanik Meeting” means the special meeting of the Ikanik Shareholders held on March 27, 2020 to approve, *inter alia*, the Amalgamation.

- (dd) The defined term “CIVC Subco Amalgamation Resolution”, is deleted in its entirety and replaced with the following:

“CIVC Subco Resolutions” means the resolution of CIVC, as sole shareholder of CIVC Subco, authorizing: (a) the continuance of CIVC Subco into British Columbia under the BCBCA; and (b) the Amalgamation and adoption of this Agreement.

The defined term “CIVC Subco Amalgamation Resolution” shall be replaced with the defined term “CIVC Subco Resolutions” in all instances throughout the Business Combination Agreement.

- (ee) The new defined term, “Vertical Amalgamation”, shall be inserted into the Business Combination Agreement as follows:

“Vertical Amalgamation” means the vertical short form amalgamation of Amalco and CIVC under section 273 of the BCBCA immediately following the Effective Date.

- (ff) The new defined term, **“Vertical Amalgamation Resolution”**, shall be inserted into the Business Combination Agreement as follows:

“Vertical Amalgamation Resolution” means the resolution of the directors of CIVC following the Effective Time approving the vertical short form amalgamation of CIVC and Amalco pursuant to section 273 of the BCBCA and requiring that: (i) the Amalco Shares be cancelled on the amalgamation without any repayment of capital in respect of the Amalco Shares; (ii) the amalgamated company have, as its notice of articles and articles, the notice of articles and articles of CIVC; and (iii) the amalgamated company refrain from issuing any securities in connection with the amalgamation.

2. General

- 2.1. Capitalized terms used herein, including the recitals, and not otherwise defined herein shall have the meaning ascribed to them in the Business Combination Agreement.

- 2.2. Except as amended by the First Amendment and hereby, the Business Combination Agreement continues in full force and effect and the Business Combination Agreement and this Agreement will be read and construed together as one agreement. The Parties ratify and affirm the Business Combination Agreement as amended by the First Amendment and hereby (the “**Amended Business Combination Agreement**”), and agree that the Amended Business Combination Agreement contains the entire understanding of the Parties hereto with respect to the subject matter hereof. The Amended Business Combination Agreement supersedes all prior agreements and understandings between the Parties with respect to the subject matter hereof.
- 2.3. Each Party, upon the request of another Party, shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged or delivered, all such further acts, deeds, documents and assurances as may be reasonably necessary or desirable to give effect to the transactions contemplated by the Amended Business Combination Agreement.
- 2.4. The Amended Business Combination Agreement is governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable herein, and the Parties hereby attorn to the jurisdiction of the Courts of competent jurisdiction of British Columbia in any proceeding hereunder.
- 2.5. This Agreement is effective as of the day, month and year written on the first page hereof notwithstanding the actual date of execution.
- 2.6. This Agreement may be executed in counterpart and such counterparts together shall constitute a single instrument. Delivery of an executed counterpart of this Agreement by electronic means, including by DocuSign, facsimile transmission or by electronic delivery in portable document format (“.pdf”), shall be equally effective as delivery of a manually executed counterpart hereof. The Parties acknowledge and agree that in any legal proceedings between them respecting or in any way relating to this Agreement, each waives the right to raise any defense based on the execution hereof in counterparts or the delivery of such executed counterparts by electronic means.

[The remainder of this page has been intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day, month and year first above written.

CANADIAN IMPERIAL VENTURE CORP.

By: /s/ Jacqueline M. Tucker
Name: Jacqueline M. Tucker
Title: Chief Executive Officer and Director

IKANIK FARMS INC.

By: /s/ Brian Baca
Name: Brian Baca
Title: Chief Executive Officer and Director

1295446 B.C. LTD.

By: /s/ Jacqueline M. Tucker
Name: Jacqueline M. Tucker
Title: President and Director

APPENDIX B

CIVC FINANCIAL STATEMENTS

(As at and for the years ended November 30, 2020, 2019 and 2018)

[See attached.]

CANADIAN IMPERIAL VENTURE CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
NOVEMBER 30, 2020 and 2019
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Canadian Imperial Venture Corp.

Opinion

We have audited the accompanying consolidated financial statements of Canadian Imperial Venture Corp. (the "Company"), which comprise the statements of financial position as at November 30, 2020 and 2019, and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity (deficit) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Erez Bahar.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

February 5, 2021

CANADIAN IMPERIAL VENTURE CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	November 30, 2020	November 30, 2019
ASSETS		
Current		
Cash	\$ 89,580	\$ 196,485
Amounts receivable	<u>3,041</u>	<u>1,172</u>
Total current assets	<u>92,621</u>	<u>197,657</u>
Total assets	<u>\$ 92,621</u>	<u>\$ 197,657</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current		
Accounts payable and accrued liabilities	<u>\$ 146,246</u>	<u>\$ 128,898</u>
Total current liabilities	<u>146,246</u>	<u>128,898</u>
Shareholders' equity (deficit)		
Capital stock (Note 5)	15,931,640	15,931,640
Reserves (Note 5)	2,661,740	2,661,740
Deficit	<u>(18,647,005)</u>	<u>(18,524,621)</u>
Total shareholders' equity (deficit)	<u>(53,625)</u>	<u>68,759</u>
Total liabilities and shareholders' equity (deficit)	<u>\$ 92,621</u>	<u>\$ 197,657</u>

Nature of operations and going concern (Note 1)

Basis of presentation (Note 2)

"Jacqueline Tucker"

Director

"Jeff Lightfoot"

Director

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

CANADIAN IMPERIAL VENTURE CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30,

	2020	2019
EXPENSES		
Consulting fees	\$ 8,226	\$ 185,381
General and administrative	127	287
Professional fees (Note 8)	104,292	106,708
Transfer agent and filing fees	9,739	68,037
Total expenses	(122,384)	(360,413)
Loss and comprehensive loss for the year	\$ (122,384)	\$ (360,413)
Loss per common share, basic and diluted	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding, basic and diluted	14,800,334	14,529,458

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

CANADIAN IMPERIAL VENTURE CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (122,384)	\$ (360,413)
Changes in non-cash working capital items:		
Amounts receivable	(1,869)	1,107
Prepaid expenses	-	6,500
Accounts payables and accrued liabilities	<u>17,348</u>	<u>62,208</u>
Net cash used in operating activities	<u>(106,905)</u>	<u>(290,598)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of warrants	-	179,112
Related party repayments	<u>-</u>	<u>(3,500)</u>
Net cash provided by financing activities	<u>-</u>	<u>175,612</u>
Change in cash for the year	(106,905)	(114,986)
Cash, beginning of the year	<u>196,485</u>	<u>311,471</u>
Cash, end of the year	<u>\$ 89,580</u>	<u>\$ 196,485</u>
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid during the year for income taxes	<u>\$ -</u>	<u>\$ -</u>

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

CANADIAN IMPERIAL VENTURE CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30, 2020 and 2019

	<u>Capital Stock</u>				Total Shareholders' Equity (Deficit)
	Shares	Amount	Reserves	Deficit	
Balance, November 30, 2018	13,367,439	\$ 15,752,528	\$ 2,661,740	\$ (18,164,208)	\$ 250,060
Exercise of warrants	1,432,895	179,112	-	-	179,112
Loss and comprehensive loss	-	-	-	(360,413)	(360,413)
Balance, November 30, 2019	14,800,334	\$ 15,931,640	\$ 2,661,740	\$ (18,524,621)	\$ 68,759
Loss and comprehensive loss	-	-	-	(122,384)	(122,384)
Balance, November 30, 2020	14,800,334	\$ 15,931,640	\$ 2,661,740	\$ (18,647,005)	\$ (53,625)

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

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2020

1. NATURE OF OPERATIONS AND GOING CONCERN

Canadian Imperial Venture Corp. (“CIVC” or the “Company”) is incorporated under the Business Corporations Act of British Columbia. The Company is listed on the NEX branch of the TSX Venture Exchange, under the symbol CQV.H. The Company’s head office is located at 2900 – 595 Burrard Street, Vancouver, BC.

The principal business of the Company is the identification and evaluation of assets or a business with a view to completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities. The success of the Company will be dependent on obtaining the necessary financing to evaluate and pursue these opportunities.

These financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended November 30, 2020, the Company incurred a net loss of \$122,384 and had an accumulated shareholders’ deficit at November 30, 2020 of \$18,647,005. These conditions cast significant doubt on the Company’s ability to continue as a going concern.

The current market conditions and volatility increases the uncertainty of the Company’s ability to continue as a going concern given the need to both curtail expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the Company’s statement of financial position.

Ikänik Farms, Inc.

On April 2, 2019, the Company entered into a business combination agreement (the “Agreement”) with Ikänik Farms, Inc. (“Ikänik”) (formerly Cannus Partners, Inc.) and a wholly owned subsidiary of the Company, 11326937 Canada Inc. (“Newco”), formed for the purpose of completing the amalgamation. Ikänik is an arm’s length company incorporated under the Canada Business Corporations Act and is a vertically integrated cannabis cultivator, producer, distributor and dispensary operator that is building out its “seed to sale” business.

Pursuant to the Agreement, the Company has agreed to acquire all of the issued and outstanding securities of Ikänik and the business of Ikänik by way of a three-cornered amalgamation (the “Transaction”) between the Company, Ikänik and Newco pursuant to the provisions of the Canada Business Corporations Act. The Transaction will result in a reverse takeover of the Company by the security holders of Ikänik. Prior to the completion of the Transaction, the Company will designate its common shares as subordinate voting shares (the “Resulting Issuer SV Shares”) and create a new class of Series A compressed multiple voting shares (the “Resulting Issuer Series A Shares”, together with the Resulting Issuer SV Shares, the “Resulting Issuer Shares”). Each Resulting Issuer Series A Share will have the economic and voting rights equivalent to 100 times the Resulting Issuer SV Shares, and shall be convertible into or exchangeable to the Resulting Issuer SV Shares on the terms and conditions to be determined by Ikänik. The Company will consolidate its existing shares on a ratio to be mutually agreed upon by the Company and Ikänik such that immediately prior to the closing of the Transaction, there will be an aggregate of 9,500,000 common shares of the Company issued and outstanding on a post-consolidation basis, which will be redesignated into Resulting Issuer Shares such that shareholders of the Company will own 9,500,000 Resulting Issuer Shares.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2020

1. NATURE OF OPERATIONS AND GOING CONCERN (continued):

Ikänik Farms, Inc. (continued):

Pursuant to the terms of the Agreement, it is anticipated that Newco and Ikänik will amalgamate to form a single subsidiary of the Company. In consideration for the cancellation of all outstanding securities of Ikänik upon completion of the Transaction, the security holders of Ikänik will receive:

- (i) one Resulting Issuer SV Share for each common share of Ikänik (each, a “Ikänik Common Share”);
- (ii) one Resulting Issuer Series A Share for each Series A compressed share of Ikänik (each, a “Ikänik Series A Share”);
- (iii) one option to purchase Resulting Issuer Shares for each option to purchase Ikänik Common Shares (each, an “Ikänik Common Option”) on the same terms and conditions as each Ikänik Common Option;
- (iv) one option to purchase Resulting Issuer Series A Shares for each option to purchase Ikänik Series A Shares (each, a “Ikänik Series A Option”) on the same terms and conditions as each Ikänik Series A Option;
- (v) one purchase warrant for Resulting Issuer SV Shares for each purchase warrant for Ikänik Common Shares (each, a “Ikänik Common Warrant”) on the same terms and conditions as each Ikänik Common Warrant;
- (vi) one purchase warrant for Resulting Issuer Series A Shares for each purchase warrant for Ikänik Series A Shares (each, a “Ikänik Series A Warrant”) on the same terms and conditions as each Ikänik Series A Warrant; and
- (vii) one broker warrant for Resulting Issuer SV Shares for each broker right to purchase Ikänik Common Shares (each, a “Ikänik Broker Right”) on the same terms and conditions as each Ikänik Broker Right.

Completion of the Transaction is subject to a number of conditions, such as working capital and cash position requirements for the Company, including Ikänik having to complete a financing, receipt of all necessary shareholder and regulatory approvals, the execution of related transaction documents, approval of the TSX Venture Exchange (the “TSXV”) for the delisting of the common shares of the Company from the TSXV and conditional approval of the Canadian Securities Exchange (the “CSE”) for the listing of the Resulting Issuer SV Shares following completion of the Transaction.

Certain securities issued in connection with the Transaction may be subject to the escrow requirements of the CSE, mutually agreed upon escrow conditions and lock-up periods as required by the CSE and applicable securities laws.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effect on the Company’s business or ability to raise funds.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2020

2. BASIS OF PRESENTATION

a) Statement of compliance and basis of measurement

These consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as and measured as at their fair value.

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements of the Company for the year ended November 30, 2020 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 5, 2021.

b) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary.

Name of subsidiary	Country of incorporation	Proportion of ownership interest	Principal activity
11326937 Canada Inc.	Canada	100%	Inactive – formed for purpose of completing the Transaction (Note 1)

c) Functional currency and presentation currency

The Company and its subsidiary’s functional and presentation currency is the Canadian dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash

Cash includes cash on hand and deposits held with financial institutions.

b) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

b) Financial instruments (continued):

Financial assets (continued):

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed as incurred. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

The following table shows the classification of the Company's financial assets and liabilities under IFRS:

Financial asset or liability	IFRS 9 Classification
Cash	FVTPL
Amounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

c) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

c) Income taxes (continued):

years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

d) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, warrants, and stock options are classified as equity instruments. Incremental costs directly attributable to the issue of new common shares, warrants or stock options are shown in equity as a deduction, net of tax, from the proceeds.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component, as determined by the closing quoted bid price on the issuance date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

e) Loss per common share

Basic loss per share has been calculated using the weighted average number of common shares outstanding during the period.

Diluted loss per share has been calculated using the weighted average number of common shares that would have been outstanding during the respective period had all of the stock options and warrants outstanding at year-end having a dilutive effect been converted into shares at the beginning of the year and the proceeds used to repurchase the Company's common shares at the average market price for

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

e) Loss per common share (continued):

the year. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

f) Share-based compensation

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Share-based payments to non-employees are measured at the fair value of the goods or services received or if such fair value is not reliably measurable, at the fair value of the equity instruments issued.

g) New standards, interpretations and amendments

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company adopted this standard effective December 1, 2019 and determined it had no impact on the Company's consolidated financial statements.
- IFRIC 23 – Uncertainty over Income Tax Treatment: New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019. The Company adopted this standard effective December 1, 2019 and determined it had no impact on the Company's consolidated financial statements.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2020. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company.

- IFRS 3 – Business Combinations: IFRS 3 was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive, and the inputs and process must together significantly contribute to operating outputs. In addition, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs, and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

New standards and interpretations not yet adopted (continued)

concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

- IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the financial statements are discussed below.

Critical judgments

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Key sources of estimation uncertainty

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2020

5. CAPITAL STOCK

Authorized capital stock: unlimited number of common shares without par value, issuable in series.

During the year ended November 30, 2020, the Company did not issue any common shares.

During the year ended November 30, 2019, the Company issued 1,432,895 common shares for proceeds of \$179,112 on the exercise of warrants.

Stock Option Plan

The Company has a rolling Stock Option Plan (the "Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or consultants of the Company.

Options granted must expire no later than a maximum of ten years from the date of the grant. Terms of the Plan are as follows:

- i) The number of common shares which may be issued pursuant to options previously granted and those granted under the Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant.
- ii) The number of shares which may be awarded to any one individual may not exceed 5% of the issued shares at the date of grant, and the total number of options awarded to any consultant shall not exceed 2% of the issued and outstanding common shares at the time of the grant.
- iii) The total number of options awarded to all persons employed by the Company who perform investor relations activities shall not exceed 2% of the issued and outstanding shares of the Company in any twelve-month period.
- iv) Under TSXV policy all such rolling stock option plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis.

The Plan does not require vesting provisions for options issued except in limited circumstances.

There were no stock options granted during the years ended November 30, 2020 and 2019.

As at November 30, 2020 and 2019, there were no stock options outstanding and exercisable.

Share purchase warrants

The following is a summary of changes in share purchase warrants:

	Number of Options	Weighted Average Exercise Price
Outstanding, November 30, 2018	11,802,500	0.125
Exercised	(1,432,895)	0.125
Expired	(10,369,605)	0.125
Outstanding, November 30, 2019 and 2020	-	\$ -

As at November 30, 2020 and 2019, there were no warrants outstanding and exercisable.

6. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The Company's cash is measured at fair value, under the fair value hierarchy based on level 1 quoted prices in active markets for identical assets or liabilities.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's amounts receivable and accounts payable and accrued liabilities approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk. Amounts receivable consists of input tax credits receivable from the Government of Canada and are not subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2020, the Company had a cash balance of \$89,580 to settle current liabilities of \$146,246. The Company expects to fund future liabilities through the issuance of capital stock. See Note 1 for discussion of going concern risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

a) Interest rate risk

The Company has cash balances which are not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. As at November 30, 2020, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

c) Foreign currency risk

The Company operates in Canada and is not exposed to any significant foreign currency risk.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2020

7. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and development of its business interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is largely dependent upon external financings to fund activities. In order to fund new business opportunities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new business opportunities and seek to acquire new business assets if it determines there are sufficient business opportunities or economic potential and if it has adequate financial resources to do so (see Note 1).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended November 30, 2020. The Company is not subject to externally imposed capital requirements.

8. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying consolidated financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Years ended November 30,	
	2020	2019
Short-term benefits*	\$ 8,850	\$ 11,800

*includes base salaries pursuant to contractual employment or consultancy arrangements. These have been recorded in professional fees and consulting fees.

During the year ended November 30, 2020, the Company had the following transactions with related parties:

- a) The Company incurred \$nil (2019 - \$1,967) in legal fees with Owen Bird Law Corporation, a law firm in which Jeff Lightfoot, a director of the Company, is a partner.

As at November 30, 2020, the Company had the following amounts outstanding to related parties:

- a) Included in accounts payable and accrued liabilities is \$6,195 (2019 - \$2,950) owing to MJJ & Associates Consulting Ltd., a company controlled by Ming Jang, an officer of the Company, for professional fees.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2020

8. RELATED PARTY TRANSACTIONS (continued):

- b) Included in accounts payable and accrued liabilities is \$nil (2019 - \$1,967) owing to Owen Bird Law Corporation, a law firm in which Jeff Lightfoot, a director of the Company, is a partner.

9. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2020		2019	
Net loss for the year	\$	(122,384)	\$	(360,413)
Expected income tax (recovery)	\$	(33,000)	\$	(97,000)
Change in statutory tax rates and other		5,000		538,000
Permanent difference		-		-
Share issue costs		-		(2,000)
Adjustment to prior years provision versus statutory tax returns		(37,000)		-
Change in unrecognized temporary difference and other		65,000		(439,000)
Total income tax expense (recovery)	\$	-	\$	-
Current income tax expense (recovery)	\$	-	\$	-
Deferred tax recovery	\$	-	\$	-

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2020	Expiry Date Range	2019	Expiry Date Range
Temporary Differences				
Share issue costs	\$ 3,000	2040 - 2042	\$ 4,000	2029 – 2042
Allowable capital losses	\$ 1,569,000	No expiry date	\$ 1,015,000	No expiry date
Non-capital losses	\$ 5,516,000	2026 - 2040	\$ 5,638,000	2026 - 2039
Property and equipment	\$ 11,000	No expiry date	\$ 11,000	No expiry date
Exploration and evaluation assets	\$ 19,892,000	No expiry date	\$ 20,086,000	No expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.

CANADIAN IMPERIAL VENTURE CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
NOVEMBER 30, 2019 and 2018
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Canadian Imperial Venture Corp.

Opinion

We have audited the accompanying consolidated financial statements of Canadian Imperial Venture Corp. (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity (deficit) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$360,413 during the year ended November 30, 2019 and, as of that date, the Company had an accumulated deficit of \$18,524,621. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Erez Bahar.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

March 19, 2020

CANADIAN IMPERIAL VENTURE CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	November 30, 2019	November 30, 2018
ASSETS		
Current		
Cash	\$ 196,485	\$ 311,471
Amounts receivable	1,172	2,279
Prepaid expenses	<u>-</u>	<u>6,500</u>
Total current assets	<u>197,657</u>	<u>320,250</u>
Total assets	<u>\$ 197,657</u>	<u>\$ 320,250</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 128,898	\$ 66,690
Due to related party (Note 8)	<u>-</u>	<u>3,500</u>
Total current liabilities	<u>128,898</u>	<u>70,190</u>
Shareholders' equity		
Capital stock (Note 5)	15,931,640	15,752,528
Reserves (Note 5)	2,661,740	2,661,740
Deficit	<u>(18,524,621)</u>	<u>(18,164,208)</u>
Total shareholders' equity	<u>68,759</u>	<u>250,060</u>
Total liabilities and shareholders' equity	<u>\$ 197,657</u>	<u>\$ 320,250</u>

Nature of operations and going concern (Note 1)
Basis of presentation (Note 2)

"Jacqueline Tucker" Director "Jeff Lightfoot" Director

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

CANADIAN IMPERIAL VENTURE CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30,

	2019	2018
EXPENSES		
Consulting fees (Note 8)	\$ 185,381	\$ 74,774
General and administrative	287	173
Professional fees (Note 8)	106,708	131,843
Transfer agent and filing fees	68,037	11,643
Total operating expenses	(360,413)	(218,433)
Gain on settlement of debt	-	1,524
Gain on write-off of accounts payable and accrued liabilities	-	10,658
	-	12,182
Net loss and comprehensive loss for the year	\$ (360,413)	\$ (206,251)
Net loss per common share, basic and diluted	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding, basic and diluted	14,529,458	10,877,597

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

CANADIAN IMPERIAL VENTURE CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (360,413)	\$ (206,251)
Items not involving cash:		
Gain on settlement of debt	-	1,524
Gain on write-off of accounts payable and accrued liabilities	-	10,658
Changes in non-cash working capital items:		
Amounts receivable	1,107	497
Prepaid expenses	6,500	(6,500)
Accounts payables and accrued liabilities	<u>62,208</u>	<u>(406,161)</u>
Net cash used in operating activities	<u>(290,598)</u>	<u>(607,227)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance, net of costs	-	1,037,611
Proceeds from exercise of warrants	179,112	-
Loan repayments	-	(88,000)
Related party repayments	<u>(3,500)</u>	<u>(39,500)</u>
Net cash provided by financing activities	<u>175,612</u>	<u>910,111</u>
Change in cash for the year	(114,986)	302,884
Cash, beginning of the year	<u>311,471</u>	<u>8,587</u>
Cash, end of the year	<u>\$ 196,485</u>	<u>\$ 311,471</u>
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

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

CANADIAN IMPERIAL VENTURE CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30, 2019 and 2018

	<u>Share Capital</u>				Total Shareholders' Equity (Deficit)
	Shares	Amount	Reserves	Deficit	
Balance, November 30, 2017	1,564,939	\$ 14,714,917	\$ 2,661,740	\$ (17,957,957)	\$ (581,300)
Private placement	11,000,000	1,045,000	-	-	1,045,000
Share issuance costs	802,500	(7,389)	-	-	(7,389)
Net loss and comprehensive loss	-	-	-	(206,251)	(206,251)
Balance, November 30, 2018	13,367,439	\$ 15,752,528	\$ 2,661,740	\$ (18,164,208)	\$ 250,060
Exercise of warrants	1,432,895	179,112	-	-	179,112
Net loss and comprehensive loss	-	-	-	(360,413)	(360,413)
Balance, November 30, 2019	14,800,334	\$ 15,931,640	\$ 2,661,740	\$ (18,524,621)	\$ 68,759

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

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2019

1. NATURE OF OPERATIONS AND GOING CONCERN

Canadian Imperial Venture Corp. (“CIVC” or the “Company”) is incorporated under the Business Corporations Act of British Columbia. The Company is listed on the NEX branch of the TSX Venture Exchange, under the symbol CQV.H. The Company’s head office is located at 2900 – 595 Burrard Street, Vancouver, BC.

The principal business of the Company is the identification and evaluation of assets or a business with a view to completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities. The success of the Company will be dependent on obtaining the necessary financing to evaluate and pursue these opportunities.

These financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended November 30, 2019, the Company incurred a net loss of \$360,413 and had an accumulated deficit at November 30, 2019 of \$18,524,621. These conditions cast significant doubt on the Company’s ability to continue as a going concern.

The current market conditions and volatility increases the uncertainty of the Company’s ability to continue as a going concern given the need to both curtail expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the Company’s statement of financial position.

Ikänik Farms, Inc.

On April 2, 2019, the Company entered into a business combination agreement (the “Agreement”) with Ikänik Farms, Inc. (“Ikänik”) (formerly Cannus Partners, Inc.) and a wholly owned subsidiary of the Company, 11326937 Canada Inc. (“Newco”), formed for the purpose of completing the amalgamation. Ikänik is an arm’s length company incorporated under the Canada Business Corporations Act and is a vertically integrated cannabis cultivator, producer, distributor and dispensary operator that is building out its “seed to sale” business.

Pursuant to the Agreement, the Company has agreed to acquire all of the issued and outstanding securities of Ikänik and the business of Ikänik by way of a three-cornered amalgamation (the “Transaction”) between the Company, Ikänik and Newco pursuant to the provisions of the Canada Business Corporations Act. The Transaction will result in a reverse takeover of the Company by the security holders of Ikänik. Prior to the completion of the Transaction, the Company will designate its common shares as subordinate voting shares (the “Resulting Issuer SV Shares”) and create a new class of Series A compressed multiple voting shares (the “Resulting Issuer Series A Shares”, together with the Resulting Issuer SV Shares, the “Resulting Issuer Shares”). Each Resulting Issuer Series A Share will have the economic and voting rights equivalent to 100 times the Resulting Issuer SV Shares, and shall be convertible into or exchangeable for the Resulting Issuer SV Shares on the terms and conditions to be determined by Ikänik. The Company will consolidate its existing shares on a ratio to be mutually agreed upon by the Company and Ikänik such that immediately prior to the closing of the Transaction, there will be an aggregate of 9,500,000 common shares of the Company issued and outstanding on a post-consolidation basis, which will be redesignated into Resulting Issuer Shares such that shareholders of the Company will own 9,500,000 Resulting Issuer Shares.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2019

1. NATURE OF OPERATIONS AND GOING CONCERN (continued):

Ikänik Farms, Inc. (continued):

Pursuant to the terms of the Agreement, it is anticipated that Newco and Ikänik will amalgamate to form a single subsidiary of the Company. In consideration for the cancellation of all outstanding securities of Ikänik upon completion of the Transaction, the security holders of Ikänik will receive:

- (i) one Resulting Issuer SV Share for each common share of Ikänik (each, a “Ikänik Common Share”);
- (ii) one Resulting Issuer Series A Share for each Series A compressed share of Ikänik (each, a “Ikänik Series A Share”);
- (iii) one option to purchase Resulting Issuer Shares for each option to purchase Ikänik Common Shares (each, an “Ikänik Common Option”) on the same terms and conditions as each Ikänik Common Option;
- (iv) one option to purchase Resulting Issuer Series A Shares for each option to purchase Ikänik Series A Shares (each, a “Ikänik Series A Option”) on the same terms and conditions as each Ikänik Series A Option;
- (v) one purchase warrant for Resulting Issuer SV Shares for each purchase warrant for Ikänik Common Shares (each, a “Ikänik Common Warrant”) on the same terms and conditions as each Ikänik Common Warrant;
- (vi) one purchase warrant for Resulting Issuer Series A Shares for each purchase warrant for Ikänik Series A Shares (each, a “Ikänik Series A Warrant”) on the same terms and conditions as each Ikänik Series A Warrant; and
- (vii) one broker warrant for Resulting Issuer SV Shares for each broker right to purchase Ikänik Common Shares (each, a “Ikänik Broker Right”) on the same terms and conditions as each Ikänik Broker Right.

Completion of the Transaction is subject to a number of conditions, such as working capital and cash position requirements for the Company, Ikänik having to complete a financing, receipt of all necessary shareholder and regulatory approvals, the execution of related transaction documents, approval of the TSX Venture Exchange (the “TSXV”) for the delisting of the common shares of the Company from the TSXV, and conditional approval of the Canadian Securities Exchange (the “CSE”) for the listing of the Resulting Issuer SV Shares following completion of the Transaction.

Certain securities issued in connection with the Transaction may be subject to the escrow requirements of the CSE, mutually agreed upon escrow conditions and lock-up periods as required by the CSE and applicable securities laws.

2. BASIS OF PRESENTATION

a) Statement of compliance and basis of measurement

These consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These consolidated financial statements have

CANADIAN IMPERIAL VENTURE CORP.
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2. BASIS OF PRESENTATION (continued):

a) Statement of compliance and basis of measurement (continued):

been prepared on a historical cost basis, except for financial instruments classified as and measured at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements of the Company for the year ended November 30, 2019 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 19, 2020.

b) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary.

Name of subsidiary	Country of incorporation	Proportion of ownership interest	Principal activity
11326937 Canada Inc.	Canada	100%	Inactive – formed for purpose of completing the Transaction (Note 1)

c) Functional currency and presentation currency

The Company and its subsidiary's functional and presentation currency is the Canadian dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash

Cash includes cash on hand and deposits held with financial institutions.

b) Financial instruments

The Company has adopted the new accounting standard IFRS 9, Financial Instruments ("IFRS 9"), effective December 1, 2018. The new standard sets out requirements for classifying, recognizing and measuring financial assets and liabilities. This standard replaces IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39").

IFRS 9, Financial Instruments

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial

CANADIAN IMPERIAL VENTURE CORP.
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3. SIGNIFICANT ACCOUNTING POLICIES (continued):

b) Financial instruments (continued):

liabilities were carried forward in IFRS 9 and, therefore, the accounting policy with respect to financial liabilities is unchanged.

The following is the new accounting policy for financial assets under IFRS 9:

Financial assets

The Company will now classify its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed as incurred. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

The following table shows the classification of the Company's financial assets and liabilities under IFRS 9 and IAS 39:

Financial asset or liability	IFRS 9 Classification	IAS 39 Classification
Cash	FVTPL	FVTPL
Amounts receivable	Amortized cost	Loan and receivables
Accounts payable and accrued liabilities	Amortized cost	Other liabilities
Due to related party	Amortized cost	Other liabilities

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

b) Financial instruments (continued):

As the accounting reflected by the adoption of IFRS 9 under the above classifications and election is similar to that of IAS 39, there was no impact on the Company's consolidated financial statements and no restating of prior periods was required.

c) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

d) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, warrants, and stock options are classified as equity instruments. Incremental costs directly attributable to the issue of new common shares, warrants or stock options are shown in equity as a deduction, net of tax, from the proceeds.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component, as determined by the closing quoted bid price on the issuance date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

e) Loss per common share

Basic loss per share has been calculated using the weighted average number of common shares outstanding during the period.

Diluted loss per share has been calculated using the weighted average number of common shares that would have been outstanding during the respective period had all of the stock options and warrants outstanding at year-end having a dilutive effect been converted into shares at the beginning of the year and the proceeds used to repurchase the Company's common shares at the average market price for the year. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

f) Share-based compensation

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Share-based payments to non-employees are measured at the fair value of the goods or services received or if such fair value is not reliably measurable, at the fair value of the equity instruments issued.

g) New standards, interpretations and amendments

- IFRS 9 – Financial Instruments – Effective December 1, 2018, the Company adopted IFRS 9. See Note 3 (b) for the impact of the transition to IFRS 9 on the Company's consolidated financial statements.
- IFRS 15 – Revenue from Contracts with Customers – New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018. Effective December 1, 2018, the Company adopted IFRS 15. IFRS 15 had no impact on the Company's consolidated financial statements as the Company did not recognize any revenue during the year.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2019. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

g) New standards, interpretations and amendments (continued):

New standards and interpretations not yet adopted (continued):

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. As the Company does not have any lease commitments, no impact is expected on the Company's consolidated financial statements.
- IFRIC 23 – Uncertainty over Income Tax Treatment: New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019. The adoption of this standard is not expected to have a significant impact on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the financial statements are discussed below.

Critical judgments

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Key sources of estimation uncertainty

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued):

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. CAPITAL STOCK

Authorized capital stock: unlimited number of common shares without par value, issuable in series.

On February 7, 2019, the Company issued 1,432,895 common shares for proceeds of \$179,112 on the exercise of warrants.

On February 15, 2018, the Company completed a private placement for gross proceeds of \$1,045,000. These funds were raised through the issuance of 11,000,000 units at a price of \$0.095 per unit with each unit consisting of one common share and one share purchase warrant entitling the holder to acquire one additional share at a price of \$0.125 for a period of 12 months. The Company incurred share issuance costs of \$7,389.

The Company had also issued 802,500 finder's units on terms identical to those issued to subscribers. The finders units had a fair value of \$76,238 and were recorded in share capital and share issuance costs with a net impact of \$nil.

Stock Option Plan

The Company has a rolling Stock Option Plan (the "Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or consultants of the Company.

Options granted must expire no later than a maximum of ten years from the date of the grant. Terms of the Plan are as follows:

- i) The number of common shares which may be issued pursuant to options previously granted and those granted under the Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant.
- ii) The number of shares which may be awarded to any one individual may not exceed 5% of the issued shares at the date of grant, and the total number of options awarded to any consultant shall not exceed 2% of the issued and outstanding common shares at the time of the grant.
- iii) The total number of options awarded to all persons employed by the Company who perform investor relations activities shall not exceed 2% of the issued and outstanding shares of the Company in any twelve-month period.
- iv) Under TSXV policy all such rolling stock option plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis.

The Plan does not require vesting provisions for options issued except in limited circumstances.

There were no stock options granted during the years ended November 30, 2019 and 2018.

As at November 30, 2019 and 2018, there were no stock options outstanding and exercisable.

CANADIAN IMPERIAL VENTURE CORP.
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5. CAPITAL STOCK (continued):

Share purchase warrants

The following is a summary of changes in share purchase warrants:

	Number of Options	Weighted Average Exercise Price
Outstanding, November 30, 2017	-	\$ -
Granted	11,802,500	0.125
Outstanding, November 30, 2018	11,802,500	0.125
Exercised	(1,432,895)	0.125
Expired	(10,369,605)	0.125
Outstanding, November 30, 2019	-	\$ -

As at November 30, 2019, there were no warrants outstanding and exercisable.

6. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's amounts receivable, accounts payable and accrued liabilities, and due to related party approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short term nature. The Company's cash is measured at fair value, under the fair value hierarchy based on level 1 quoted prices in active markets for identical assets or liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk. Amounts receivable consists of input tax credits receivable from the Government of Canada and are not subject to significant credit risk.

CANADIAN IMPERIAL VENTURE CORP.
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(Expressed in Canadian Dollars)
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6. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued):

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2019, the Company had a cash balance of \$196,485 to settle current liabilities of \$128,898. The Company expects to fund future liabilities through the issuance of capital stock. See Note 1 for discussion of going concern risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

a) Interest rate risk

The Company has cash balances which are not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at November 30, 2019, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

c) Foreign currency risk

The Company operates in Canada and is not exposed to any significant foreign currency risk.

7. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and development of its business interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is largely dependent upon external financings to fund activities. In order to fund new business opportunities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new business opportunities and seek to acquire new business assets if it determines there are sufficient business opportunities or economic potential and if it has adequate financial resources to do so (see Note 1).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended November 30, 2019. The Company is not subject to externally imposed capital requirements.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2019

8. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying consolidated financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Years ended November 30,	
	2019	2018
Short-term benefits*	\$ 11,800	\$ 46,536

*includes base salaries pursuant to contractual employment or consultancy arrangements. These have been recorded in professional fees and consulting fees.

During the year ended November 30, 2019, the Company had the following transactions with related parties:

- a) *The Company incurred \$11,800 (2018 - \$39,411) in professional fees with MJJ & Associates Consulting Ltd., a company controlled by Ming Jang, an officer of the Company.
- b) *The Company incurred \$nil (2018 - \$4,750) in consulting fees with Jeff Lightfoot, a director of the Company.
- c) *The Company incurred \$nil (2018 - \$2,375) in consulting fees with Erin Walmesley, a former director of the Company.
- d) The Company incurred \$1,967 (2018 - \$13,071) in legal fees with Owen Bird Law Corporation, a law firm in which Jeff Lightfoot, a director of the Company, is a partner.

As at November 30, 2019, the Company had the following amounts outstanding to related parties:

- a) Included in accounts payable and accrued liabilities is \$2,950 (2018 - \$3,098) owing to MJJ & Associates Consulting Ltd., a company controlled by Ming Jang, an officer of the Company for professional fees.
- b) Included in accounts payable and accrued liabilities is \$1,967 (2018 - \$nil) owing to Owen Bird Law Corporation, a law firm in which Jeff Lightfoot, a director of the Company, is a partner.
- c) \$nil (2018 - \$3,500) in loans due to Jeff Lightfoot, a director of the Company. The amount owing was unsecured and non-interest bearing with no specific terms of repayment.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2019

9. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2019		2018	
Net loss for the year	\$	(360,413)	\$	(206,251)
Expected income tax (recovery)	\$	(97,000)	\$	(60,000)
Change in statutory tax rates and other		538,000		-
Permanent difference		-		(4,000)
Share issue costs		(2,000)		(2,000)
Adjustment to prior years provision versus statutory tax returns		-		(59,000)
Change in unrecognized temporary difference and other	\$	(439,000)	\$	125,000
Total income tax expense (recovery)	\$	-	\$	-
Current income tax expense (recovery)	\$	-	\$	-
Deferred tax recovery	\$	-	\$	-

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2019	Expiry Date Range	2018	Expiry Date Range
Temporary Differences				
Share issue costs	\$ 4,000	2029 - 2042	\$ 6,000	2029 - 2042
Allowable capital losses	\$ 1,015,000	No expiry date	\$ 1,015,000	No expiry date
Non-capital losses	\$ 5,638,000	2026 - 2039	\$ 5,288,000	2026 - 2038
Property and equipment	\$ 11,000	No expiry date	\$ 24,000	No expiry date
Exploration and evaluation assets	\$ 20,086,000	No expiry date	\$ 20,086,000	No expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.

CANADIAN IMPERIAL VENTURE CORP.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

NOVEMBER 30, 2018

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Canadian Imperial Venture Corp.

We have audited the accompanying financial statements of Canadian Imperial Venture Corp., which comprise the statements of financial position as at November 30, 2018 and 2017 and the statements of loss and comprehensive loss, cash flows and changes in shareholders' equity (deficit) for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Canadian Imperial Venture Corp. as at November 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Canadian Imperial Venture Corp.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

March 29, 2019

CANADIAN IMPERIAL VENTURE CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	November 30, 2018	November 30, 2017
ASSETS		
Current		
Cash	\$ 311,471	\$ 8,587
Amounts receivable	2,279	1,782
Prepaid expenses	<u>6,500</u>	<u>-</u>
Total current assets	<u>320,250</u>	<u>10,369</u>
Total assets	<u>\$ 320,250</u>	<u>\$ 10,369</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current		
Trade payables and accrued liabilities	\$ 66,690	\$ 460,669
Due to related parties (Note 8)	3,500	43,000
Loans (Note 9)	<u>-</u>	<u>88,000</u>
Total current liabilities	<u>70,190</u>	<u>591,669</u>
Shareholders' equity (deficit)		
Share capital (Note 5)	15,752,528	14,714,917
Reserves (Note 5)	2,661,740	2,661,740
Deficit	<u>(18,164,208)</u>	<u>(17,957,957)</u>
Total shareholders' equity (deficit)	<u>250,060</u>	<u>(581,300)</u>
Total liabilities and shareholders' equity (deficit)	<u>\$ 320,250</u>	<u>\$ 10,369</u>
Nature of operations and going concern (Note 1)		
Basis of presentation (Note 2)		
Subsequent event (Note 11)		

"Jacqueline Tucker"

Director

"Jeff Lightfoot"

Director

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

CANADIAN IMPERIAL VENTURE CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30,

	2018	2017
EXPENSES		
Bank and interest charges	\$ 173	\$ 55
Consulting fees	74,774	3,250
Office and shareholder information	-	1,262
Professional fees (Note 8)	131,843	27,278
Transfer agent and filing fees	<u>11,643</u>	<u>29,924</u>
Total operating expense	<u>(218,433)</u>	<u>(61,769)</u>
Gain on settlement of debt	1,524	-
Gain on write-off of accounts payable and accrued liabilities	<u>10,658</u>	<u>-</u>
	<u>12,182</u>	<u>-</u>
Net loss and comprehensive loss for the year	<u>\$ (206,251)</u>	<u>\$ (61,769)</u>
Net loss per common share, basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.04)</u>
Weighted average number of common shares outstanding, basic and diluted	<u>10,877,597</u>	<u>1,564,939</u>

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

CANADIAN IMPERIAL VENTURE CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30,

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (206,251)	\$ (61,769)
Items not involving cash:		
Gain on settlement of debt	1,524	-
Gain on write-off of accounts payable and accrued liabilities	10,658	-
Changes in non-cash working capital items:		
Amounts receivable	497	3,508
Prepaid expenses	(6,500)	-
Increase (decrease) in trade payables and accrued liabilities	<u>(406,161)</u>	<u>25,383</u>
Net cash used in operating activities	<u>(607,227)</u>	<u>(32,878)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance, net of costs	1,037,611	-
Loan advances (repayments)	(88,000)	28,000
Related party loans (repayments)	<u>(39,500)</u>	<u>8,500</u>
Net cash provided by financing activities	<u>910,111</u>	<u>36,500</u>
Change in cash for the year	302,884	3,622
Cash, beginning of the year	<u>8,587</u>	<u>4,965</u>
Cash, end of the year	<u>\$ 311,471</u>	<u>\$ 8,587</u>
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

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

CANADIAN IMPERIAL VENTURE CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

	Share Capital				Total Shareholders' Equity
	Shares	Amount	Reserves	Deficit	
Balance, November 30, 2016	1,564,939	\$ 14,714,917	\$ 2,661,740	\$ (17,896,188)	\$ (519,531)
Net loss and comprehensive loss	-	-	-	(61,769)	(61,769)
Balance, November 30, 2017	1,564,939	14,714,917	2,661,740	(17,957,957)	(581,300)
Private placement	11,000,000	1,045,000	-	-	1,045,000
Share issuance costs	802,500	(7,389)	-	-	(7,389)
Net loss and comprehensive loss	-	-	-	(206,251)	(206,251)
Balance, November 30, 2018	13,367,439	\$ 15,752,528	\$ 2,661,740	\$ (18,164,208)	\$ 250,060

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Canadian Imperial Venture Corp. (the “Company”) is incorporated under the Business Corporations Act of British Columbia. The Company is listed on the NEX branch of the TSX Venture Exchange, under the symbol CQV.H. The Company’s head office is located at 2900 – 595 Burrard Street, Vancouver, BC.

The principal business of the Company is the identification and evaluation of assets or a business with a view to completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities. The success of the Company will be dependent on obtaining the necessary financing to evaluate and pursue these opportunities.

These financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended November 30, 2018, the Company incurred a net loss of \$206,251 and had an accumulated deficit at November 30, 2018 of \$18,164,208. These conditions cast significant doubt on the Company’s ability to continue as a going concern.

The current market conditions and volatility increases the uncertainty of the Company’s ability to continue as a going concern given the need to both curtail expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the Company’s statement of financial position.

2. BASIS OF PRESENTATION

a) Statement of compliance and basis of measurement

These financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements of the Company for the year ended November 30, 2018 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 29, 2019.

b) Functional currency and presentation currency

The Company’s functional and presentation currency is the Canadian dollar.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2018

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise indicated.

a) Cash

Cash includes cash on hand and deposits held with financial institutions.

b) Financial instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax.

Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method. The Company's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	Category	Measurement
Cash	FVTPL	Fair value
Amounts receivable	Loans and receivables	Amortized cost
Trade payables and accrued liabilities	Other liabilities	Amortized cost
Due to related parties	Other liabilities	Amortized cost
Loans	Other liabilities	Amortized cost

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash has been measured at fair value using Level 1 inputs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

c) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

d) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, warrants, and stock options are classified as equity instruments. Incremental costs directly attributable to the issue of new common shares, warrants or stock options are shown in equity as a deduction, net of tax, from the proceeds.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component, as determined by the closing quoted bid price on the issuance date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

e) Loss per common share

Basic loss per share has been calculated using the weighted average number of common shares outstanding during the year.

Diluted loss per share has been calculated using the weighted average number of common shares that would have been outstanding during the respective period had all of the stock options and warrants outstanding at year-end having a dilutive effect been converted into shares at the beginning of the year and the proceeds used to repurchase the Company's common shares at the average market price for the year. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

f) Share-based compensation

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to capital stock.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Share-based payments to non-employees are measured at the fair value of the goods or services received or if such fair value is not reliably measurable, at the fair value of the equity instruments issued.

g) New standards, interpretations and amendments

No new standards or interpretations were adopted during the year.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2018. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018.
- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

g) New standards, interpretations and amendments (continued):

New standards and interpretations not yet adopted (continued):

- IFRIC 23 – Uncertainty over Income Tax Treatment: New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the financial statements are discussed below.

Critical judgments

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Key sources of estimation uncertainty

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company’s current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2018

5. CAPITAL STOCK

Authorized capital stock: unlimited number of common shares without par value, issuable in series.

On February 15, 2018, the Company completed a private placement for gross proceeds of \$1,045,000. These funds were raised through the issuance of 11,000,000 units at a price of \$0.095 per unit with each unit consisting of one common share and one share purchase warrant entitling the holder to acquire one additional share at a price of \$0.125 for a period of 12 months. The Company incurred share issuance costs of \$7,389.

The Company also issued 802,500 finder's units on terms identical to those issued to subscribers. The finders units had a fair value of \$76,238 and were recorded in share capital and share issuance costs with a net impact of \$nil.

There were no capital transactions during the year ended November 30, 2017.

Stock Option Plan

The Company has a rolling Stock Option Plan (the "Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company.

Options granted must expire no later than a maximum of ten years from the date of the grant. Terms of the Plan are as follows:

- i) The number of common shares which may be issued pursuant to options previously granted and those granted under the Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant.
- ii) The number of shares which may be awarded to any one individual may not exceed 5% of the issued shares at the date of grant, and the total number of options awarded to any consultant shall not exceed 2% of the issued and outstanding common shares at the time of the grant.
- iii) The total number of options awarded to all persons employed by the Company who perform investor relations activities shall not exceed 2% of the issued and outstanding shares of the Company in any twelve-month period.
- iv) Under TSX.V policy all such rolling stock option plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis.

The Plan does not require vesting provisions for options issued except in limited circumstances.

There were no stock options granted during the years ended November 30, 2018 and 2017.

As at November 30, 2018 and 2017, there were no stock options outstanding and exercisable.

Share purchase warrants

The following is a summary of changes in share purchase warrants:

	Number of Options	Weighted Average Exercise Price
Outstanding, November 30, 2016 and 2017	-	\$ -
Granted	11,802,500	0.125
Outstanding, November 30, 2018	11,802,500	\$ 0.125

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2018

5. CAPITAL STOCK (continued):

As at November 30, 2018, a summary of the warrants outstanding is as follows:

Expiry date	Warrants	Exercise price	Weighted Average contractual life (years)
February 7, 2019	11,802,500 ⁽¹⁾	\$0.125	0.19

⁽¹⁾Subsequent to November 30, 2018, 10,369,605 warrants expired unexercised.

6. FINANCIAL INSTRUMENTS AND RISK FACTORS

The fair value of the Company's amounts receivable, trade payables and accrued liabilities, due to related parties and loans approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short term nature. The Company's cash is measured at fair value, under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk. Amounts receivable consists of input tax credits receivable from the Government of Canada and are not subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2018, the Company had a cash balance of \$311,471 to settle current liabilities of \$70,190. The Company expects to fund these liabilities through the issuance of capital stock. See Note 1 for discussion of going concern risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and, commodity and equity prices.

a) Interest rate risk

The Company has cash balances which are not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of November 30, 2018, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

c) Foreign currency risk

The Company operates in Canada and is not exposed to any significant foreign currency risk.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2018

7. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and development of its exploration and evaluation interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is largely dependent upon external financings to fund activities. In order to search for new business opportunities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new business opportunities and seek to acquire new business assets if it feels there are sufficient business opportunities or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended November 30, 2018. The Company is not subject to externally imposed capital requirements.

8. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Year ended November 30,	
	2018	2017
Short-term benefits*	\$ 46,536	\$ 14,300

*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in professional fees, and consulting fees.

During the year ended November 30, 2018, the Company had the following transactions with related parties:

For the fiscal year ended November 30, 2018, the Company incurred \$13,071 (2017 - \$18,527) in legal fees with Owen Bird Law Corporation, a law firm in which Jeff Lightfoot, a director of the Company, is a partner.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2018

8. RELATED PARTY TRANSACTIONS (continued):

As at November 30, 2018, the Company had the following amounts outstanding to related parties:

- a) Included in accounts payable and accrued liabilities is \$nil (2017 - \$30,527) owing to Owen Bird Law Corporation, a law firm in which Jeff Lightfoot, a director of the Company, is a partner.
- b) Included in accounts payable and accrued liabilities is \$nil (2017 - \$283,903) owing to Imperial Consultants Inc., a company controlled by Gerard Edwards, former CEO and director for accrued management, consulting and professional fees and expense reimbursements.
- c) Included in accounts payable and accrued liabilities is \$3,098 (2017 - \$69,940) owing to MJJ & Associates Consulting Ltd., a company controlled by Ming Jang, an officer of the Company for professional fees.
- d) \$Nil (2017 – \$34,500) in loans is due to Gerard Edwards the former CEO, and a former director of the Company. This amount is unsecured and non-interest bearing with no specific terms of repayment.
- e) \$3,500 (2017 – \$8,500) in loans is due to Jeff Lightfoot, a director of the Company. This amount is unsecured and non-interest bearing with no specific terms of repayment.

9. LOANS

During the year ended November 30, 2016, the Company secured two separate loans from unrelated third parties totalling \$66,000. The loans were unsecured and non-interest bearing with no specific terms of repayment.

During the year ended November 30, 2017, additional loans totalling \$22,000 were received from unrelated third parties. These loans are unsecured, non-interest bearing and are due on demand.

During the year ended November 30, 2018, the Company repaid all outstanding loans totalling \$88,000.

CANADIAN IMPERIAL VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
NOVEMBER 30, 2018

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2018		2017	
Net loss for the year	\$	(206,251)	\$	(61,769)
Expected income tax (recovery)	\$	(60,000)	\$	(18,000)
Permanent difference		(4,000)		(6,000)
Share issue costs		(2,000)		-
Adjustment to prior years provision versus statutory tax returns		(59,000)		-
Change in unrecognized temporary difference and other	\$	125,000	\$	24,000
Total income tax expense (recovery)	\$	-	\$	-
Current income tax	\$	-	\$	-
Deferred tax recovery	\$	-	\$	-

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2018	Expiry Date Range	2017	Expiry Date Range
Temporary Differences				
Share issue costs	\$ 6,000	2029-2042	\$ -	N/A
Allowable Capital losses	\$ 1,015,000	No expiry date	\$ 1,015,000	No expiry date
Non-Capital losses	\$ 5,288,000	2026 - 2038	\$ 4,865,000	2026 - 2035
Property and equipment	\$ 24,000	No expiry date	\$ 24,000	No expiry date
Exploration and evaluation assets	\$ 20,086,000	No expiry date	\$ 20,086,000	No expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. SUBSEQUENT EVENT

Subsequent to the year ended November 30, 2018 1,432,895 warrants with an expiry date of February 7, 2019 were exercised and converted into common shares for total proceeds of \$179,112.

APPENDIX C

IKÄNIK FARMS CONSOLIDATED FINANCIAL STATEMENTS

(As at and for the three and nine months ended September 30, 2020, for the year ended December 31, 2019 and the period from incorporation (April 25, 2018) to December 31, 2018)

[See attached.]



Ikänik Farms, Inc. and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
AND AS OF DECEMBER 31, 2019
(unaudited)

(Expressed in US Dollars)

Ikänik Farms, Inc. and Subsidiaries
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
AND AS OF DECEMBER 31, 2019
(unaudited)

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Ikänik Farms, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2020 AND DECEMBER 31, 2019
(Expressed in US dollars)

	September 30, 2020	December 31, 2019
Assets	(unaudited)	(audited)
Current assets:		
Cash and cash equivalents	3,368,834	1,678,800
Accounts receivable, net (Note 2)	737,113	85,218
Inventories (Note 2)	845,892	437,095
Related party receivable (Note 13)	32,951	145,283
Prepaid expenses and other current assets	536,992	482,047
Total current assets	5,521,782	2,828,443
Property & equipment, net (Note 4)	3,091,467	2,962,831
Right-of-use assets, net (Note 4 and 5)	4,906,426	6,587,330
Deposits on property and equipment	3,812,849	1,590,514
Intangible assets, net (Note 6)	10,141,667	10,381,667
Goodwill (Note 6)	10,766,667	10,766,667
Other Assets	134,086	150,661
Total assets	38,374,944	35,268,113
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	4,651,901	971,651
Due to shareholder (Note 13)	109,887	-
Due to sellers (Note 3 and 7)	740,000	840,000
Current portion of lease liabilities (Note 5)	3,031,193	2,081,877
Current portion of note payable (Note 7)	44,512	41,926
Derivative liability (Note 11)	-	1,105,671
Warrant liability (Note 11)	353,962	1,423,766
Total current liabilities	8,931,455	6,464,891
Lease liabilities (Note 5)	2,568,482	3,915,394
Notes payable (Note 7)	156,960	190,676
Convertible debenture, net of debt issuance costs (Note 7)	13,156,396	9,889,809
Total liabilities	24,813,293	20,460,770
Shareholders' equity		
Series A Compressed Shares (unlimited shares authorized, 543,861 and 532,611 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively)	1,282,926	832,926
Common Shares (unlimited shares authorized, 61,143,179 and 12,281,269 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively)	29,566,838	2,840,066
Shares to be issued (Note 3)	-	19,664,020
Contributed surplus	5,651,070	4,787,478
Accumulated other comprehensive income	49,020	48,934
Accumulated deficit	(22,988,203)	(13,366,081)
Total shareholders' equity	13,561,651	14,807,343
Total liabilities and shareholders' equity	38,374,944	35,268,113

Going Concern (Note 2)

Commitments and Contingencies (Note 13)

Subsequent Events (Note 14)

Approved and authorized for issue on behalf of the Shareholders on March 24, 2021:

SIGNATURE

SIGNATURE

TITLE

TITLE

Ikänik Farms, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in US dollars)
(unaudited)

	For the three months ended September 30, 2020	For the nine months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2019
Revenue	\$ 1,027,016	\$ 2,772,313	\$ -	\$ -
Cost of Goods Sold	<u>945,359</u>	<u>2,416,357</u>	<u>-</u>	<u>-</u>
Gross Profit	<u>81,657</u>	<u>355,956</u>	<u>-</u>	<u>-</u>
Operating Expenses				
General and Administrative Expenses	2,194,057	5,989,187	1,373,412	3,737,215
Marketing & Advertising Expenses	52,939	173,742	128,491	272,944
Depreciation and Amortization Expenses	<u>821,600</u>	<u>2,422,304</u>	<u>643,423</u>	<u>1,076,531</u>
Total Operating Expenses	<u>3,068,596</u>	<u>8,585,233</u>	<u>2,145,326</u>	<u>5,086,690</u>
Other (Income) Expenses				
Interest Expense, net	998,103	2,111,243	998,413	1,574,214
Foreign Currency (Gain) Loss	50,196	122,172	1,214	(26,291)
Loss on impairment of intangible assets	-	-	-	-
Change in Fair Value of Warrant and Derivative Liabilities (Note 11)	34,164	(861,575)	225,301	1,041,020
Other (Income) Expenses	<u>16,724</u>	<u>21,005</u>	<u>(20,245)</u>	<u>(20,245)</u>
Total Other (Income) Expenses	<u>1,099,187</u>	<u>1,392,845</u>	<u>1,204,683</u>	<u>2,568,698</u>
Net Loss Before Provision For Income Taxes	(4,086,126)	(9,622,122)	(3,350,009)	(7,655,388)
Provision for Income Taxes (Note 12)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the Period	(4,086,126)	(9,622,122)	(3,350,009)	(7,655,388)
Other Comprehensive Income (Loss)	<u>2,637</u>	<u>86</u>	<u>507</u>	<u>(490)</u>
Total Comprehensive Loss for the Period	<u>\$ (4,083,489)</u>	<u>\$ (9,622,036)</u>	<u>\$ (3,349,502)</u>	<u>\$ (7,655,878)</u>
Weighted average number of common shares, basic and diluted	102,951,469	95,189,448	63,629,999	63,629,999
Basic and diluted net loss per common share	<u>\$ (0.04)</u>	<u>\$ (0.10)</u>	<u>\$ (0.05)</u>	<u>\$ (0.12)</u>

Ikänik Farms, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in US dollars)
(unaudited)

	Common Shares		Shares to be Issued	Series A Compressed Shares		Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
	Shares	Amount		Shares	Amount				
Balance as of January 1, 2019	11,447,935	\$ 1,840,066	\$ -	491,727	\$ 339,926	\$ -	\$ -	\$ (475,734)	\$ 1,704,258
Issuance of shares in exchange for acquisition of subsidiaries (Note 3)	-	-	19,664,020	40,884	493,000	-	-	-	20,157,020
Issuance of common shares (Note 8)	833,334	1,000,000	-	-	-	-	-	-	1,000,000
Conversion feature of and warrants issued with convertible debenture (Note 7 and 11)	-	-	-	-	-	3,184,731	-	-	3,184,731
Stock based compensation (Note 8)	-	-	-	-	-	580,789	-	-	580,789
Net loss	-	-	-	-	-	-	(490)	(7,655,388)	(7,655,878)
Balance as of September 30, 2019	<u>12,281,269</u>	<u>\$ 2,840,066</u>	<u>\$ 19,664,020</u>	<u>532,611</u>	<u>\$ 832,926</u>	<u>\$ 3,765,520</u>	<u>\$ (490)</u>	<u>\$ (8,131,122)</u>	<u>\$ 18,970,920</u>
Balance as of January 1, 2020	12,281,269	\$ 2,840,066	\$ 19,664,020	532,611	\$ 832,926	\$ 4,787,478	\$ 48,934	\$ (13,366,081)	\$ 14,807,343
Issuance of shares in exchange for acquisition of subsidiary (Note 3)	33,333,333	19,664,020	(19,664,020)	-	-	-	-	-	-
Issuance of common shares (Note 8)	1,064,095	1,276,959	-	-	-	-	-	-	1,276,959
Issuance of common shares and Series A Compressed shares with warrants (Note 8)	14,464,482	5,785,793	-	11,250	450,000	-	-	-	6,235,793
Stock based compensation (Note 8)	-	-	-	-	-	863,592	-	-	863,592
Net loss	-	-	-	-	-	-	86	(9,622,122)	(9,622,036)
Balance as of September 30, 2020	<u>61,143,179</u>	<u>\$ 29,566,838</u>	<u>\$ -</u>	<u>543,861</u>	<u>\$ 1,282,926</u>	<u>\$ 5,651,070</u>	<u>\$ 49,020</u>	<u>\$ (22,988,203)</u>	<u>\$ 13,561,651</u>

Ikänik Farms, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in US dollars)
(unaudited)

	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
Cash flows from operating activities:		
Net loss	\$ (9,622,122)	\$ (7,655,388)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation & amortization	2,422,304	1,076,531
Interest expense from debt issuance costs allocated to derivative liability	-	68,300
Stock compensation expense	863,592	580,789
Loss on issuance of debenture penalty	208,229	-
Change in fair value of warrant liability	(1,069,804)	1,041,020
Changes in operating assets and liabilities:		
Accounts receivable	(651,895)	-
Related party receivables	112,332	(145,283)
Inventories	(408,797)	-
Prepaid expenses and other current assets	(54,945)	(871,832)
Other assets	16,575	(99,802)
Accounts payable and accrued expenses	3,680,250	706,603
Accrued interest	1,852,687	1,378,422
Due to seller	-	-
Other liabilities	-	-
Deferred rent	-	(6,339)
Net cash used in operating activities	<u>(2,651,594)</u>	<u>(3,926,979)</u>
Cash flows from investing activities:		
Purchase of property & equipment	(341,372)	(1,337,849)
Deposits on purchases of property & equipment	(2,222,335)	-
Net cash used in investing activities:	<u>(2,563,707)</u>	<u>(1,337,849)</u>
Cash flows from financing activities:		
Repayment of lease liabilities	(686,260)	(1,968,556)
Repayment on notes payable	(31,130)	(13,870)
Repayment on balances due to sellers	(100,000)	(750,000)
Issuance of convertible loans	100,000	12,144,655
Issuance of shareholder loans	109,887	350,000
Repayment of shareholder loans	-	(396,270)
Issuance of Series A Compressed shares and warrants	450,000	-
Issuance of common shares and warrants	7,062,752	-
Net cash provided by financing activities:	<u>6,905,249</u>	<u>9,365,959</u>
Effect of currency translation on cash and cash equivalents	86	(490)
Change in cash and cash equivalents	1,690,034	4,100,641
Beginning cash and cash equivalents balance	1,678,800	1,802,642
Ending cash and cash equivalents balance	3,368,834	5,903,283

Supplemental Disclosures of Non-Cash Investing and Financing Activities

Warrants and derivative liability issued with debenture issuance	\$ -	\$ 3,184,731
Acquisition of certain assets of THCA, Inc. in exchange for Series A Compressed shares and balance due to sellers	\$ -	\$ 493,000
Acquisition of PIDEKA S.A.S. in exchange for shares to be issued	\$ -	\$ 19,664,020
Elimination of shares to be issued through issuance of shares	\$ 19,664,020	\$ -
Acquisition of certain assets of High End, LLC in exchange for balance due to sellers	\$ -	\$ 1,190,000
Acquisition of vehicles through notes payable	\$ -	\$ 256,425
Right of use assets and lease liabilities from leases	\$ -	\$ 7,684,480

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

Ikanik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
AND AS OF DECEMBER 31, 2019
(Expressed in US dollars)

NOTE 1. NATURE OF OPERATIONS

Ikanik Farms, Inc. (“Ikanik” or the “Company”) was incorporated under the Business Corporations Act (Canada) on April 25, 2018. The head office and principal address of the Company is 2211 Hunts Lane, Suite L, San Bernardino, CA USA 92408. The Company’s registered and records office address is 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, MSH3C2. The Company operates through its wholly-owned subsidiaries Cannus, Inc., a California corporation, Blunt Brothers, Inc., a California Corporation, Ikanik Farms, Inc., a California Corporation, THCA, Inc., a California Corporation, PIDEKA S.A.S., a Colombian Corporation, Ikanik Life, Inc., a California Corporation, Ikanik Designs, LLC, a Nevada Limited Liability Company, Ikanik Farms International, Inc., a Canadian Corporation, and Firehouse Holdings, Inc., a California Corporation. The Company also owns 90% of High End, LLC, a California Limited Liability Company.

These consolidated financial statements were approved by the Board of Directors on March 24, 2021.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Reporting Interpretations Committee (“IFRIC”). The accounting policies set out below have been applied consistently to all periods presented, unless otherwise noted. The unaudited consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2019 and for the period from April 25, 2018 to December 31, 2018.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments that are measured at fair value through profit or loss, as detailed in the Company’s accounting policies.

Going Concern

As reflected in the consolidated financial statements, the Company had an accumulated deficit of \$22,988,203 and a negative net working capital of \$3,409,673 (current liabilities greater than current assets) as of September 30, 2020, as well as a net loss of \$9,622,122 and negative cash flow from operating activities of \$2,651,594 for the nine months then ended. Prior to the nine months ended September 30, 2020, the Company has not generated significant revenues and has incurred net losses since inception. In 2020 the Company commenced their sales efforts and began recognizing revenues and will continue to scale as their products become established in the market. These factors raised significant doubt about the Company’s ability to continue as a going concern for at least one year from the issuance of these consolidated financial statements.

Ikānik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company's primary source of operating funds since inception has been cash proceeds from sales of the Company's stock and from the issuance of convertible debentures. The Company intends to raise additional capital through additional sales of stock. There can be no assurance that these funds will be available on terms acceptable to the Company or that they will be sufficient to enable the Company to fully complete its development activities or sustain operations.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result, significant volatility has occurred in both the United States and International markets. While the disruption is currently expected to be temporary, there is uncertainty around the duration. To date, the Company has experienced declining revenues, difficulty staffing interpreters, difficulty meeting debt covenants, maintaining consistent service quality with reduced revenue, and a loss of customers. Management expects this matter to continue to impact our business, results of operations, and financial position, but the ultimate financial impact of the pandemic on the Company's business, results of operations, financial position, liquidity or capital resources cannot be reasonably estimated at this time.

If the Company is unable to raise sufficient additional funds, it will have to develop and implement a plan to further reduce expenses, scale back its business plan, or curtail operations until sufficient additional capital is raised to support further operations.

Functional and Presentation Currency

These consolidated financial statements are presented in US dollars, which is also the Company's functional currency. The Company maintains certain accounts in Canadian dollars for which the effects of the translation are recorded in foreign currency loss and other comprehensive income in the consolidated statements of operations and comprehensive loss.

Basis of Consolidation

These consolidated financial statements as of and for the periods ended September 30, 2020 and 2019 and the year ended December 31, 2019, include the accounts of the Company and its subsidiaries. All intercompany balances and transactions are eliminated on consolidation. Subsidiaries are those entities over which the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to sue its power to affect its returns. The following are Ikanik's wholly-owned subsidiaries over which the Company has control as of September 30, 2020 and December 31, 2019:

Entity	Location	Purpose	Percentage Held - September 30, 2020	Percentage Held - December 31, 2019
Ikanik Farms, Inc.	Ontario, Canada	Parent Company		
Cannus, Inc.	California	Holding Company	100%	100%
Blunt Brothers, Inc.	California	Operating Entity	100%	100%
Ikanik Farms, Inc.	California	Cultivation, Production, and Dispensary Facility	100%	100%
Firehouse Holdings, Inc.	California	Holding Company	100%	100%
THCA, Inc.	California	Cultivation and Production Facility	100%	100%
PIDEKA, S.A.S.	Colombia	Cultivation and Production Facility	100%	100%
High End, Inc.	California	Dispensary	100%	90%
Ikanik Life, Inc	California	Non-Operating Entity	100%	100%
Ikanik Designs, LLC	Nevada	Non-Operating Entity	100%	100%
Ikanik Farmns International, Inc.	Ontario, Canada	Non-Operating Entity	100%	100%

Ikänik Farms, Inc. and Subsidiaries
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Accounts Receivable

Accounts receivable are classified as financial assets initially recognized at fair value and subsequently measured at amortized cost, less any provisions for impairment. When an account receivable is uncollectible, it is written off against the provision.

Inventories

Inventories of purchased finished goods and packaging materials are initially valued at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Company reviews inventory for obsolete, redundant, and slow-moving goods and any such inventory is written down to net realizable value.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets. As of September 30, 2020 and December 31, 2019, the Company's property and equipment consists of computer software & hardware, furniture & equipment, leasehold improvements, and vehicles, each with the estimated useful lives shown below. The Company's right-of-use assets for property and equipment leases are depreciated over the lease terms. The assets' useful lives are reviewed at each financial year end and adjusted prospectively if appropriate.

	Estimated Useful Life
Computer software & hardware	3-6 years
Furniture & equipment	3-10 years
Leasehold improvements	3-6 years
Vehicles	5-6 years
Right-of-use assets	3-10 years

As of September 30, 2020 and December 31, 2019, a total of \$3,812,849 and \$1,590,514, respectively, in deposits have been paid for property and equipment purchases of which the Company plans to take possession during the year ended December 31, 2021.

Ikänik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date or date of consolidation/control. Amortization of definite-lived intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

Market related intangible assets	5 years
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The estimated useful lives and residual values are reviewed at each year end, and any changes in estimates are accounted for prospectively. Intangible assets that have an indefinite useful life are not subject to amortization. The Company's indefinite-lived intangible assets consist of licenses, which, for valuation purposes, represent the future benefits associated with the Company's cultivation, processing, and dispensary licenses. Absent such license intangibles, the Company cannot continue as a going concern and as such, there is no foreseeable limit to the period over which these assets are expected to generate future cash inflows to the Company.

Definite-lived intangible assets are tested for impairment when there is an indication of impairment. Indefinite-lived intangible assets are tested for impairment annually or more frequently as warranted if events or changes in circumstances indicate impairment (refer to Note 6 for additional detail on impairment tests). For the three and nine months ended September 30, 2020 and 2019, there was no impairment recorded as the Company assesses for impairment at calendar year end and records the loss at that time.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of a business over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash-generating unit ("CGU") or CGUs which are expected to benefit from the synergies of the combination.

Goodwill is tested for impairment annually or more frequently as warranted if events or changes in circumstances indicate impairment. For the purpose of impairment testing, goodwill and indefinite-lived intangible assets have been allocated to CGUs or groups of CGUs representing the lowest level that the assets are monitored for internal reporting purposes. Goodwill and indefinite-lived intangible assets are tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount (the higher of the asset's fair value less costs of disposal and value-in-use); an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment loss is recognized in the Consolidated Statements of Operations and Comprehensive Loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. The Company's most recent goodwill impairment test during the fourth quarter of 2019 did not result in the recognition of any impairment losses. The Company has not recorded any goodwill impairment for the three and nine months ended September 30, 2020 and 2019.

Ikänik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business Combinations and Asset Acquisitions

The Company assesses whether an acquisition should be accounted for as an asset acquisition or a business combination under IFRS 3. This assessment requires management to make judgements on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business and the Company obtains control of the business inputs and processes.

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method.

The total consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred by the acquirer, and the liabilities incurred by the acquirer to former owners of the acquiree, in exchange for control of the acquiree at the acquisition date. The acquisition date is the date where the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. The consideration transferred also includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. The measurement period is the period from the acquisition date to the date complete information about facts and circumstances that existed as of the acquisition date is received. However, the measurement period does not exceed one year from the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognized in profit or loss.

Ikänik Farms, Inc. and Subsidiaries
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company's primary source of revenue is from wholesale of cannabis products to dispensary locations. The Company accounts for revenue recognition in accordance with IFRS 15, Revenue from Contracts with Customers, which includes a five-step model for contracts with customers as follows:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price, which is the total considerations provided by the customer;
4. Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5. Recognize revenue when the relevant criteria are met for each unit (at a point in time or over a period of time).

The Company recognizes revenue upon satisfaction of the performance obligation, when control of the promised goods is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods, upon delivery and acceptable by customers.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent they relate to items recognized directly in equity or other comprehensive income (loss).

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

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

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

Ikänik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Warrant Liability (Derivative Liabilities)

The Company evaluates all of its agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then revalued at each reporting date, with changes in the fair value reported in the Consolidated Statements of Operations and Comprehensive Loss. In calculating the fair value of derivative liabilities (specifically warrant liability), the Company uses a valuation model. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the Consolidated Statements of Financial Position as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the Consolidated Statements of Financial Position date.

For awards where the holder has the election of settling their award in either cash or equity, the fair value of stock-based compensation is remeasured at the end of each reporting period until the corresponding awards vest. The Company did not have any such awards outstanding at September 30, 2020 or December 31, 2019.

Financial Instruments

The Company accounts for its financial instruments in accordance with IFRS 9, *Financial Instruments*. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss (“FVTPL”) or through other comprehensive income (“FVOCI”); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivables and other financial liabilities categories. IFRS 9 also includes an expected credit loss model for the purpose of assessing the impairment of financial assets.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are incremental and are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The classification of financial instruments dictates how these assets and liabilities are measured subsequently in the Company’s consolidated financial statements.

Ikänik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Instruments Measured at Fair Value Through Profit or Loss

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of sale in the near term. Derivative financial instruments that are not designated and effective as hedging instruments are also classified as FVTPL. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period. Financial assets in this category include certain short-term investments, derivatives and contingent consideration.

(ii) Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Financial assets in this category include cash and cash equivalents, short-term investments, trade receivables, other receivables, and loans receivable.

(iii) Impairment of Financial Assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Company recognizes expected credit losses (“ECL”) for trade receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime ECLs at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Trade receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

For financial assets carried at amortized cost, the Company recognizes loss allowances for ECLs on its financial assets measured at amortized cost. ECLs are a probability-weighted estimate of credit losses. The Company applies a three-stage approach to measure ECLs. The Company measures loss allowance at an amount equal to 12 months of expected losses for performing loans receivable if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected losses on loans receivable that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses which are credit impaired (Stage 3).

The Company considers a significant increase in credit risk to have occurred if contractual payments are more than 30 days past due and considers the loans receivable to be in default if they are 90 days past due. A significant increase in credit risk or default may have also occurred if there are other qualitative factors (including forward looking information) to consider; such as borrower specific information (i.e., change in credit assessment).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Objective evidence of impairment of financial assets carried at amortized cost exists if the counterparty is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counterparty that would not normally be granted, or it is probable the counterparty will enter into bankruptcy or a financial reorganization.

(iv) Financial Liabilities Measured at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired. Financial liabilities in this category include accounts payable and accrued liabilities and deferred consideration and other payables.

Summary of the Company's Classification and Measurements of Financial Assets and Liabilities

	IFRS 9	
	Classification	Measurement
Cash and cash equivalents	FVTPL	Fair value
Accounts receivable	Amortized cost	Amortized cost
Deposits on property and equipment	Amortized cost	Amortized cost
Other Assets	Amortized cost	Amortized cost
Accounts payable and accrued expenses	Amortized cost	Amortized cost
Due to shareholder	Amortized cost	Amortized cost
Due to seller	Amortized cost	Amortized cost
Notes payable	Amortized cost	Amortized cost
Derivative liability	FVTPL	Fair value
Warrant liability	FVTPL	Fair value
Convertible debentures	Amortized cost	Amortized cost

Critical Accounting Estimates and Judgements

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant judgements, estimates, and assumptions that have the most significant effect on the amounts recognized in the accompanying consolidated financial statements are described below.

(i) ECL on Trade Receivables

The Company calculates ECLs for trade receivables based on the historical default rates over the expected life of the trade receivable and adjusts for forward-looking estimates, which is determined through the exercise of judgment.

(ii) Inventory

In calculating the value of inventory, management compares the inventory cost to estimated net realizable value to determine if the cost of any inventory exceeds its net realizable value, such as in cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

(iii) Estimated Useful Lives, Depreciation of Property and Equipment, and Amortization of Intangible Assets

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment.

Amortization of intangible assets is dependent upon estimates of useful lives which are determined through the exercise of judgment.

(iv) Property and Equipment Impairment

The Company evaluates the carrying value of long-lived assets at the end of each reporting period whenever there is any indication that a long-lived asset is impaired. Such indicators include evidence of physical damage, indicators that the economic performance of the asset is worse than expected, or that the decline in asset value is more than the passage of time or normal use, or significant changes occur with an adverse effect on the Company's business. If any such indication exists, the Company estimates the recoverable amount of the asset.

An asset is impaired when its carrying amount exceeds its recoverable amount. The Company measures impairment based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset. The fair value is determined primarily by using the projected future cash flows discounted at a rate commensurate with the risk involved as well as market valuations. Losses on long-lived assets to be disposed of are determined in a similar manner, except that the fair values are reduced for an estimate of the cost to dispose or abandon.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Goodwill and Indefinite-Lives Intangible Asset Impairment

Goodwill and indefinite-lived intangible assets are tested for impairment annually during the fourth quarter and whenever events or changes in circumstances indicate that the carrying amount of these assets has been impaired. In order to determine if the value of these assets has been impaired, the CGU to which the assets have been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts, market data and discount rates. Changes in the conditions for these judgements and estimates can significantly affect the assessed value of goodwill and indefinite-lived intangibles. The Company has determined that the goodwill associated with all acquisitions belongs to each respective state as this is the lowest level at which management monitors goodwill and indefinite-lived intangibles. See Note 6 for additional detail.

(vi) Business Combinations and Asset Acquisitions

Determination of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business. The classification can have a significant impact on the accounting on and subsequent to the acquisition date.

a. Business Combinations

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for by applying the acquisition method. The total consideration transferred in a business combination is the sum of the fair values of assets transferred, liabilities incurred or assumed, and equity interests issued by the acquirer in exchange for control of the acquiree. The acquisition date is the date where the Company obtains control of the acquiree. The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS 3 Business Combinations provides exceptions to recording the amounts at fair value. Acquisition costs are expensed to profit or loss.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management exercises judgement in estimating the probability and timing of when contingent payments are expected to be made and at what amounts, which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-controlling interest in the acquiree, if any, is recognized either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets, determined on an acquisition-by-acquisition basis. For each acquisition, the excess of total consideration over the fair value of previously held equity interest prior to obtaining control, and the non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill.

b. Asset Acquisitions

Acquisitions that do not meet the definition of a business combination are accounted for as an asset acquisition. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Goodwill is not recorded as a result of an asset acquisition.

(vii) Stock-Based Compensation, Compound Financial Instruments

In calculating the share-based compensation expense and the value of compound financial instruments, key estimates such as the rate of forfeiture of awards granted, the expected life of options, the volatility of the Company's stock price and the risk-free interest rate are used.

(viii) Income Tax

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(ix) Implementation of IFRS 16

The adoption of IFRS 16, Leases, required, as of January 1, 2019, the Company to assess its significant judgments and certain key estimates when apply the standard as noted below and in Note 5.

Critical judgements required in the application of IFRS 16 include the following:

- Identifying whether a contract or part of a contract includes a lease at inception of the contract. The Company's assessment includes the exercise of judgement about whether the contract depends on a specific asset, whether the Company obtains substantially all the economic benefits from the use of the asset, and whether the Company has the right to direct the use of the asset and non-lease components;
- Identifying lease components and allocating the consideration to each lease component on the basis of the relative stand-alone price of each lease component. The Company assesses each lease component for a right to use an underlying asset and, if necessary, determines the relative stand-alone price for each lease component based on current market prices;

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Determining whether it is reasonably certain that an extension, purchase or termination option will be exercised, on a lease by lease basis. The Company considers all facts and circumstances and examines whether there is an economic incentive or penalty affecting the decision to exercise an option; and
- Establishing whether there are multiple leases in an arrangement. The Company's assessment includes the exercise of judgement whether it has the right to control multiple assets within a contract.

Key sources of estimation uncertainty in the application of IFRS 16 include the following:

- Estimating the lease term. The Company determines the lease term as the non-cancellable period of the lease at the commencement date, adjusted for any purchase, renewal or termination options it deems reasonably certain to exercise;
- Determining the appropriate incremental borrowing rate specific to each leased asset. The Company establishes incremental borrowing rates used as discount factors in discounting payments reflecting the Company's borrowing rate, duration of lease term and credit spread; and
- Assessing whether a ROU asset is impaired if indicators are present.

Unanticipated changes in these judgements or estimates could affect the identification and determination of the fair value of lease liabilities and ROU assets at initial recognition, as well as the subsequent measurement of lease liabilities and ROU assets. Changes in the economic environment or changes in the cannabis and retail industry may impact management's assessment of lease terms, and any changes in Management's estimate of lease terms may have a material impact on the Company's statement of financial position and Statement of Operations and Comprehensive Loss. In addition, the Company's assessed incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment and cannabis industry and the Company's creditworthiness.

These items could potentially result in changes to amounts reported in the Consolidated Statements of Operations and Comprehensive Loss and Financial Position of the Company.

Adoption of New Accounting Pronouncements

IFRIC 23 - Uncertainty over Income Tax Treatments, was issued by IASB on June 7, 2017. The interpretation provides guidance on the accounting for current and deferred tax assets and liabilities in circumstances in which there is uncertainty over income tax treatments. IFRIC 23 requires the entity to contemplate whether uncertain tax treatments should be considered separately or as a group based on the predictability of the resolution. In addition, the entity should assess if the tax authority will accept uncertain tax treatments, and in the case where it is not probable, the interpretation requires the entity to reflect the uncertainty with disclosure of the most likely amount and the expected value of the income tax payable or recoverable. The interpretation is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The adoption of this standard on January 1, 2019 did not have any impact on the Company's financial statements.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 16 – Leases In January 2016, the IASB issued IFRS 16, “Leases”, which replaces IAS 17, “Leases” and related interpretations. The standard introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases with a term exceeding twelve months, unless the underlying asset is insignificant. A lessee is required to recognize a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company adopted the standard on January 1, 2019 using the modified retrospective method, which provides lessees a method for recording existing leases at adoption with no restatement of prior comparative periods.

The Company elected to apply the following recognition exemptions and practical expedients, as described under IFRS 16:

- Recognition exemption of short-term leases;
- Application of a single discount rate to a portfolio of leases with similar characteristics;
- Application of hindsight in determining the applicable lease term at the date of transition; and
- Election to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The majority of the Company’s property leases, which were previously treated as operating leases, were impacted by IFRS 16. The adoption of IFRS 16 has resulted in:

- Higher non-current assets related to the initial recognition of the present value of the Company’s unavoidable future lease payments as right-of-use assets under property and equipment, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the consolidated statement of financial position as of January 1, 2019;
- Higher current and non-current liabilities related to the concurrent recognition of lease liabilities, which are measured at the present value of the remaining fixed lease payments, discounted by our incremental borrowing rate of 25.0% as of January 1, 2019;
- Replacement of rent expense previously recorded in general and administrative expense with depreciation expense of these right-of-use assets and higher finance costs related to the accretion of interest expense of the corresponding lease liabilities; and
- Variable lease payments that do not depend on an index or rate and non-lease components are expensed as incurred.

The new standard does not change the amount of cash transferred between the lessor and lessee but impacts the presentation of the operating and financing cash flows by decreasing operating cash flows and increasing financing cash flows.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adjustments to opening balances resulting from the initial adoption of IFRS 16, with the effects of transition being recognized directly to retained earnings is as follows:

	As Previously Reported Under IAS 17	IFRS 16 Transition Adjustments	As Reported Under IFRS 16
Property and Equipment, Net	\$ 21,078	\$ 380,956	\$ 402,034
Lease Liabilities	\$ -	\$ (380,956)	\$ (380,956)
Deferred Rent	\$ 6,339	\$ (6,339)	\$ -

A reconciliation of the operation lease commitments as of June 29, 2019 to the opening balance of the lease liabilities at the date of adoption is as follows:

Operating Lease Commitments as of December 31, 2018	\$ 684,278
Lease Liabilities Recognized as of January 1, 2019	-
Short-term Lease Payments Excluded	(42,000)
Effect of Discounting Using the Lessee's Incremental Borrowing Rate	(261,322)
Lease Liabilities Recognized as of January 1, 2019	<u>\$ 380,956</u>

As a result of adopting IFRS 16, the Company updated its lease accounting policies as follows:

The Company has real estate leases for retail stores, cultivation facilities, corporate offices, and equipment leases. At inception of a contract, the Company estimates whether the contract includes a lease. A contract contains a lease if it includes enforceable rights and obligations under which the right to control the use of an identified asset is conveyed for a period of time in exchange for consideration. The Company recognized a ROU asset and a lease liability at the commencement date – the date when the asset is available for use by the lessee.

The Company assesses at lease commencement whether it is reasonably certain to exercise extension or termination options. The Company reassesses its lease portfolio to determine whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The extension options which are considered reasonably certain to be exercised are mainly those for which operational decisions have been made which make the leased assets vital to the continued relevant business activities.

Liabilities arising from a lease are initially measured at the present value of the lease payments that are not paid at that date discounted using the Company's incremental borrowing rate. Lease liabilities include the value of the following payments:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Penalties for early termination of the lease, if the lease term reflects the Company exercising an option to terminate the lease.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is decreased by cash paid less interest expense incurred. The lease liability is remeasured when there is a change in future lease payments, or if the Company changes its assessment of whether it will exercise an extension, purchase, or termination option. ROU assets are measured at cost and are comprised of the following:

- The amount of the initial measurement of lease liability;
- Lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- An estimate of costs of dismantling and removing the underlying asset, restoring the site on which it is located or the underlying asset, if applicable.

The ROU asset is depreciated on a straight-line basis from the commencement date to the end of the lease term. The depreciation expense on ROU assets replaces rent expense. The value of the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain revaluations of the lease liability.

NOTE 3. ACQUISITIONS AND MERGERS

THCA ACQUISITION

On March 11, 2019, the Company entered into an entered into a Stock Transfer Agreement (“STA”), as amended in April 2019, with the shareholders of THCA, Inc. (“THCA”), a California corporation, to exchange 40,884 Series A Compressed Shares for all 10,000 outstanding shares of THCA. THCA is a US company which plans to develop and license for cannabis cultivation and the wholesale distribution of cannabis. The acquisition would allow the Company to obtain a cannabis cultivation license and to distribute cannabis to licensed retail dispensaries. At the time of the acquisition, THCA had no operational business processes and only had a cannabis license and lease. Therefore, the Company accounted for this transaction as an asset acquisition.

The equity portion of the consideration is at a per share price of \$12.00 as valued on March 11, 2019, with total equity consideration of \$493,000. No cash consideration was exchanged in connection with the Stock Transfer Agreement aside from the assumption of the promissory note which is discussed below.

The Company also assumed the lease of THCA’s facility in Sacramento, California, as well as an option to purchase the property which the Company intends to exercise. Ikanik also executed a promissory note in favor of Mikhail Bodnaruk (Shareholder of THCA) in the amount of \$400,000 to assume the debt associated with loans made by Mikhail Bodnaruk in support of the S. Watt Property and the business of THCA. The promissory note shall be repaid to Mikhail Bodnaruk in full within six months of the date of the S. Watt Permit Clearance, which is still pending as of the date of issuance of this report.

After acquiring and receiving the THCA Shares under this Agreement, and thereby becoming the sole shareholder of THCA, Ikanik shall provide to THCA in the form of required capital expenditures the sum of up to \$800,000, as part of its normal course of business and as required for purposes of funding the completion of the S. Watt Property build out as a permitted and complete indoor cultivation facility. See Note 14.

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NOTE 3. ACQUISITIONS AND MERGERS (CONTINUED)

The Company assumed \$400,000 in liabilities in the form of a promissory note that was executed pursuant to the Stock Transfer Agreement as consideration for the transfer of the lease and option to purchase. Although the entire consideration was not yet funded as of the acquisition date or as of December 31, 2019, due to provisions contained in certain agreements related to the acquisition, the Company has the full decision-making power over THCA. According to IFRS 10.6, an investor controls an investee when it is exposed, or has rights, to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company has the right to direct all the relevant activities of THCA has economic interest in all returns through the agreements effecting the acquisition before the funding of entire the acquisition.

The acquisition-date fair value of the consideration transferred is as follows:

	March 11, 2019
Equity consideration	\$ 493,000
Assumption of promissory note	400,000
Total consideration	\$ 893,000

The following table summarizes the amounts of estimated fair value of the assets acquired at the date of acquisition:

	March 11, 2019
Licenses	\$ 893,000
Right of use asset	1,195,904
Assets acquired	\$ 2,088,904
Lease liability assumed	(1,195,904)
Total consideration less liabilities assumed	\$ 893,000

HIGH END ACQUISITION

On August 6, 2019, the Company, entered into an entered into a Membership Interest Purchase Agreement (“the Agreement”) with High End, LLC (“High End”), a California corporation, to purchase 100% of the membership interests of High End for \$1.2 million.

High End is a US company with plans to secure a license for the retail sale of cannabis. The acquisition would allow the Company to obtain a cannabis license for the city of Palm Springs and an appropriate location for the build out of a retail cannabis dispensary. At the time of the acquisition, High End had no operational business processes and only had a cannabis license. Therefore, the Company accounted for this transaction as an asset acquisition.

In accordance with the agreement the purchaser shall deposit \$150,000 into escrow within 15 days of the agreement to act as a deposit. Once the sellers transfer 90% of the equity interests and certain releases are made, the escrow will be released to the sellers, less any transaction fees.

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NOTE 3. ACQUISITIONS AND MERGERS (CONTINUED)

Additional escrow funds of \$300,000 shall be deposited into escrow by the Company within 7 days of the release of escrow, including an additional \$100,000 on the first of every subsequent month until the Certificate of Occupancy is issued by the City of Palm Springs to the buyer or until the full purchase price has been deposited. Based on dates specified with the Agreement, the buyer and seller shall meet to set closing on the remainder of the transaction and once the issuance of the Certificate of Occupancy has taken place, the sellers will then transfer the remaining 10% of equity interests. Upon that time any remaining deposits for the full purchase price will need to be transferred within 10 days of receiving the full equity interest. The Company expects this to occur in the second quarter of 2021.

Although the entire consideration was not yet funded as of the acquisition date, due to provisions contained in certain agreements related to the acquisition, the Company has the full decision-making power over High End. According to IFRS 10.6, an investor controls an investee when it is exposed, or has rights, to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company has the right to direct all the relevant activities of High End has economic interest in all returns through the agreements effecting the acquisition before the funding of entire the acquisition.

The acquisition-date fair value of the consideration transferred is as follows:

	August 6, 2019
Cash in escrow and cash consideration due	\$ 1,190,000

The following table summarizes the amounts of estimated fair value of the assets acquired at the date of acquisition:

	August 6, 2019
License	\$ 1,190,000
Right of use asset	56,295
Assets acquired	\$ 1,246,295
Lease liability assumed	\$ (56,295)
Total consideration less liabilities assumed	\$ 1,190,000

PIDEKA ACQUISITION

On August 21, 2019 the Company entered into an entered into a Stock Transfer Agreement (“STA”) with PIDEKA, S.A.S. (“PIDEKA”), a Colombian corporation, to exchange up to 33,333,333 shares of the Company’s Common Shares for all 10,000 outstanding shares of PIDEKA. The estimated issue price at the time of closing was \$0.59 per Ikanik share as valued on August 21, 2019. No cash consideration was exchanged in connection with the Stock Transfer Agreement.

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NOTE 3. ACQUISITIONS AND MERGERS (CONTINUED)

PIDEKA is a Colombian company dedicated to the acquisition of properties to secure licenses for the international sale of pharmaceutical grade cannabis. The acquisition would allow the Company to obtain cannabis licenses, and manufacturing certificates, to cultivate, manufacture and ship cannabis products to the international legal market. At the time of the acquisition, PIDEKA had already commenced operations and had business processes in place, in addition to the intangible assets that were acquired. Therefore, the Company accounted for this transaction as an business combination.

The issuance of the Company's shares is agreed to occur after a series of conditions which the Company planned to undertake upon acquisition, including the delivery of contracts and licenses, the commencement of construction of a property in Colombia, and the delivery of a GMP certification.

Under the agreement, the Company has committed to providing an initial sum of up to \$6.7 million for capital expenditures. In the event that all of the conditions for issuance of the Company's shares are not achieved within 18 months from the effective date, PIDEKA will relinquish their shares of the Company and will reimburse the Company for the capital expenditures funded, upon which the PIDEKA shares will be returned. If such a reimbursement does not occur, the Company retains the PIDEKA shares. The acquisition closed on the same date as the agreement. Since the closing, largely as a result of the COVID-19 pandemic, there have been delays in achieving these conditions such that the original period of 18 months has been mutually extended beyond the date of issuance of this report.

Although the entire consideration was not yet funded as of the acquisition date, due to provisions contained in certain agreements related to the acquisition, the Company has the full decision-making power over PIDEKA. According to IFRS 10.6, an investor controls an investee when it is exposed, or has rights, to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company has the right to direct all the relevant activities of PIDEKA and has economic interest in all returns through the agreements effecting the acquisition before the funding of entire the acquisition. As a result, the Company has recorded the consideration as shares to be issued. Effective February 18, 2020, the Company issued the shares to PIDEKA. See Note 8.

The acquisition-date fair value of the consideration transferred is as follows:

	August 21, 2019
Equity consideration	<div style="display: flex; justify-content: space-between; align-items: center;"> \$ 19,664,020 </div>

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NOTE 3. ACQUISITIONS AND MERGERS (CONTINUED)

The following table summarizes the amounts of estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

	At August 21, 2019
Cash and cash equivalents	\$ 975
Prepaid expenses and other current assets	6,109
Fixed assets, net	31
Other assets	231
Right of use assets	663,085
Market related intangible assets	1,600,000
Business license, cannabis licenses, and GMP Certificate	7,300,000
Assets acquired	\$ 9,570,431
Goodwill recognized	10,766,667
Lease liability assumed	(663,085)
Other liabilities assumed	(9,993)
Total consideration less liabilities assumed	\$ 19,664,020

Goodwill in the amount of \$10.8 million relates to potential synergy with the existing business and is equal to the difference between the fair value of net assets acquired in the business combination and the consideration paid. None of the goodwill recognized is expected to be deductible for income tax purposes.

The results of PIDEKA's operations have been included in the Company's consolidated financial statements since that date. The amounts of PIDEKA's losses included in the consolidated statement of operations for the nine months ended September 30, 2020 and from the acquisition date to the period ended September 30, 2019 were approximately \$1,019,000 and \$0, respectively. If the acquisition had occurred on January 1, 2019, management estimates that consolidated revenue and consolidated profit would have remained unchanged. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2019.

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NOTE 3. ACQUISITIONS AND MERGERS (CONTINUED)

For the aforementioned business combinations that took place in the calendar year 2019, the acquired tangible assets were valued at estimates of their current fair values. The valuation of acquired intangible assets consisting of the intangibles noted above were determined based on management's estimates and consultation with an independent appraiser. The multi-period excess earnings method was used in applying the income approach to determine the fair value of acquired intangible assets. Significant assumptions inherent in the valuation method for acquired intangible assets are employed and included, but are not limited to, prospective financial information, terminal value, and discount rates. When performing the multi-period excess earnings method for acquired intangible assets, the Company incorporates the use of projected financial information and a discount rate that are developed using market participant-based assumptions. The cash-flow projections are based on multi-year financial forecasts developed by management that include revenue projections, capital spending trends, and investment in working capital to support anticipated revenue growth, which are regularly reviewed by management. The selected discount rate considers the risk and nature of the comparative companies and the rates of return market participants would require to investing their capital in the Company.

CIVC ACQUISITION

In April 2019, the Company entered into a Business Combination Agreement with Canadian Imperial Venture Corporation ("CIVC"), a Canadian corporation, under which all outstanding Common Shares and Series A Compressed Shares will be exchanged through a three-cornered amalgamation for shares of CIVC. No cash consideration will be exchanged in connection with the Business Combination Agreement. The business combination is expected to be finalized in 2021.

The Company did not incur a significant amount in transaction costs in connection with all of the acquisitions, but any and all costs were expensed as incurred and will be included within the consolidated statement of operations for the three and nine months ended September 30, 2019 and 2020.

D9C MEXICO ACQUISITION

On June 23, 2020, the Company entered into a Stock Transfer Agreement with the prior shareholders of D9C Mexico S.A. De C.V. ("D9C") to transfer all of the issued and outstanding shares of D9C to Ikänik Farms in exchange for an aggregate of 10,000,000 Ikänik Farms Common Shares at a price of \$0.40 USD. The 10,000,000 Ikänik Farms Common Shares are to be issued upon the completion of the D9C completing certain conditions but will be held in escrow. This acquisition was not finalized and the equity share consideration was not issued until October 2020 and is therefore not reflected in the consolidated financial statements as of September 30, 2020.

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NOTE 4. PROPERTY & EQUIPMENT

As of September 30, 2020 and December 31, 2019, the Company's property & equipment were as follows:

Cost	Software & Hardware	Furniture & Equipment	Improvements	Vehicles	Total
Balance at December 31, 2018	21,680	-	-	-	21,680
Adoption of IFRS 16	-	-	-	-	-
Additions	166,276	218,884	2,340,019	308,466	3,033,645
Balance at December 31, 2019	187,956	218,884	2,340,019	308,466	3,055,325
Additions	4,260	92,294	244,997	-	341,551
Balance at September 30, 2020	192,216	311,178	2,585,016	308,466	3,396,876
Less: Accumulated depreciation & amortization					
Balance at December 31, 2018	602	-	-	-	602
Depreciation	19,926	16,070	19,839	36,057	91,892
Balance at December 31, 2019	20,528	16,070	19,839	36,057	92,494
Depreciation	29,102	59,511	81,386	42,916	212,915
Balance at September 30, 2020	49,630	75,581	101,225	78,973	305,409
Net book value					
Balance at December 31, 2019	\$ 167,428	\$ 202,814	\$ 2,320,180	\$ 272,409	\$ 2,962,831
Balance at September 30, 2020	\$ 142,586	\$ 235,597	\$ 2,483,791	\$ 229,493	\$ 3,091,467

As of September 30, 2020 and December 31, 2019, the Company's right-of-use assets were as follows:

Cost	Right of use assets
Balance at December 31, 2018	\$ -
Adoption of IFRS 16	380,957
Additions	8,144,116
Dispositions	(380,957)
Balance at December 31, 2019	8,144,116
Additions	-
Modifications	288,664
Balance at September 30, 2020	8,432,780
Less: Accumulated depreciation & amortization	
Balance at December 31, 2018	-
Depreciation	1,638,420
Dispositions	(81,634)
Balance at December 31, 2019	1,556,786
Depreciation	1,969,568
Balance at September 30, 2020	3,526,354
Net book value	
Balance at December 31, 2019	\$ 6,587,330
Balance at September 30, 2020	\$ 4,906,426

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NOTE 5. LEASE LIABILITIES

A reconciliation of the beginning and ending balance of lease liabilities for the nine months ended September 30, 2020 and the year ended December 31, 2019 is as follows:

Balance as of December 31, 2018	\$ -
IFRS 16 Transition	380,956
Lease Additions	8,144,116
Interest Expense	176,364
Termination of Leases	(262,810)
Payments of Principal and Interest	<u>(2,441,355)</u>
Balance as of December 31, 2019	5,997,271
Interest Expense	249,943
Modification of Leases	288,664
Payments of Principal and Interest	<u>(936,203)</u>
Balance as of September 30, 2020	5,599,675
Less: Current Portion of Lease Liabilities	(3,031,193)
Lease Liabilities, Net of Current Portion	<u>\$ 2,568,482</u>

The Company has real estate leases for retail stores, cultivation facilities, corporate offices, and equipment leases. The Company's lease terms range from 12 months to 10 years. Certain leases permit renewal options ranging from 12 months to 5 years. Two of the Company's leases include purchase options which the Company intends to exercise. Certain lease agreements include monthly lease payments compounded annually at various rates up to 3.0%, which are included in the determination of the present value of total lease payments. Certain lease agreements are payable in a currency other than the Company's functional currency. The lease liability for these leases at September 30, 2020 and December 31, 2019 has been adjusted based on the prevailing currency exchange rate as of that date. None of the Company's leases include an inherent borrowing rate and, as such, the Company's incremental borrowing rate of 25% per year has been applied in discounting future lease payments to their present values.

During the nine months ended September 30, 2020, the Company entered into a modification of one of their leases to extend the lease for an additional 18 months. As a result of this modification, both the ROU asset and the lease liability for this lease were increased by \$288,664.

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NOTE 5. LEASE LIABILITIES (CONTINUED)

As of September 30, 2020, maturities of lease liabilities were as follows:

Year Ended December 31,	
2020	\$ 418,305
2021	4,945,498
2022	2,382,504
2023	1,036,544
2024	800,508
Thereafter	457,837
Total lease payments	10,041,196
Less: Interest	(5,018,849)
Present value of lease liabilities	5,022,347
Less: short-term lease liabilities	(3,031,193)
Present value of long-term lease liabilities	\$ 1,991,154

NOTE 6. GOODWILL AND INTANGIBLES

As of September 30, 2020 and December 31, 2019, the Company's goodwill and intangible assets were as follows:

	Goodwill	Licenses	Market related	Total
Cost				
Balance as of December 31, 2018	\$ -	\$ -	\$ -	\$ -
Additions from business combinations (Note 3)	10,766,667	9,383,000	1,600,000	21,749,667
Balance as of December 31, 2019	10,766,667	9,383,000	1,600,000	21,749,667
Additions	-	-	-	-
Balance as of September 30, 2020	10,766,667	9,383,000	1,600,000	21,749,667
Less: Accumulated Amortization				
Balance as of December 31, 2018	-	-	-	-
Impairment charge	-	508,000	-	508,000
Amortization charge	-	-	93,333	93,333
Balance as of December 31, 2019	-	508,000	93,333	601,333
Amortization charge	-	-	240,000	240,000
Balance as of September 30, 2020	-	508,000	333,333	841,333
Net book value				
As of December 31, 2019	\$ 10,766,667	\$ 8,875,000	\$ 1,506,667	\$ 21,148,334
As of September 30, 2020	\$ 10,766,667	\$ 8,875,000	\$ 1,266,667	\$ 20,908,334

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NOTE 6. GOODWILL AND INTANGIBLES (CONTINUED)

As of September 30, 2020 and December 31, 2019, the goodwill and intangible assets with indefinite useful lives are allocated to the specific CGU within Ikanik Farms, Inc. The Company tests its goodwill and the intangible assets with an indefinite useful life annually. An analysis and movement of the net book value of goodwill and indefinite life intangibles acquired through business combinations, was completed as of December 31, 2019. The company performs this analysis as of calendar year end and this will be completed on December 31, 2020.

Goodwill and intangible assets with indefinite useful life

As of September 30, 2020, the carrying amount of goodwill and intangible assets with an indefinite useful life (licenses) is recognized with a value of \$10,766,667 and \$8,875,000, respectively. Intangible assets with an indefinite useful life were recorded by the Company at the date of acquisition of THCA, PIDEKA, and High End.

Management performed their impairment analysis on goodwill estimating the recoverable amount as fair value less costs of disposal on the basis of the value of the Company's invested capital. The carrying value of the Company's CGU was less than the FVLTS and therefore, no impairment for goodwill was recognized. For the purpose of the impairment test of the intangible assets with an indefinite useful life, the Company estimated the recoverable amounts of the asset as fair value less costs of disposal on the basis of comparative method and cost approach. Under the valuation using the comparative method the Company considered identical third-party's transactions for acquisition of licenses identical to the Company's. Under the valuation using the cost approach the Company considered outflows required to meet the requirements for a minimum amount of equity to be held by the organization with licenses similar to the Company's. For the year ended December 31, 2019 as part of the annual impairment assessment, the Company recognized a total impairment loss of \$508,000 related to the license intangible assets acquired in the THCA and High End acquisitions as the assessed fair value of these licenses was below their recorded value. For the three and nine months ended September 30, 2020 and 2019, the Company did not recognize any impairment loss on intangibles or goodwill as Ikanik assesses and records any impairment at the end of the calendar year.

NOTE 7. DEBT

Notes Payable

During the year ended December 31, 2019, the Company entered into seven loans for the purchase of vehicles. The loans have terms of either five or six years, incur annual interest ranging from 5.26% to 9.10%, and have monthly repayments ranging from \$326 to \$1,426. There were no additional notes payable for the nine months ended September 30, 2020.

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NOTE 7. DEBT (CONTINUED)

Future annual maturities on the loans as of September 30, 2020 are as follows:

Year Ended December 31,		
2020	\$	10,796
2021		45,410
2022		49,193
2023		53,303
2024		29,414
Thereafter		13,355
	\$	201,472

Due to Sellers

In March 2019, the Company issued a \$400,000 promissory note with a THCA shareholder that incurs interest at 2% per year. The note includes monthly payments of \$10,000 beginning upon the delivery of THCA's conditional use permit to authorize cannabis cultivation, manufacturing, and distribution. Upon the sixth such monthly payment the outstanding balance and all accrued interest become immediately due and payable in full. As of September 30, 2020 and December 31, 2019, the outstanding balance remained at \$400,000.

In connection with the acquisition of High End, LLC, a portion of the amount due to the sellers of \$1,190,000 remains outstanding as of September 30, 2020 and December 31, 2019. The Company made repayments totaling \$750,000 through December 31, 2019, leaving a remaining balance of \$440,000 as of December 31, 2019. The Company made an additional repayment in January 2020, leaving a remaining balance of \$340,000 as of September 30, 2020.

Convertible Debentures

In connection with the Subscription Agreement for Debenture Units (the "Debenture Agreement"), the Company closed a \$13,139,000 round of convertible debenture funding (in May 2019). The Debenture Agreement states the debentures incur interest at 6% per year and mature two years from the date of issuance. Each \$1,000 debenture unit includes a debenture convertible into either Common Shares or Series A Compressed Shares at the applicable conversion price (\$0.61 for Common Shares and \$61.00 for Series A Compressed Shares) and warrants for the purchase of 820 Common Shares at \$0.79 per share or 8.2 Series A Compressed Shares at \$79.00 per share. The warrants shall be exercisable for 24 months from the issuance date or, upon the completion of a Liquidation Event, the warrants will remain exercisable for another 24 months.

The debentures automatically convert upon the occurrence of a Liquidation Event and if no such event occurs within one year from the date of issuance, additional debenture units, including both debentures and warrants, representing 10% of the investors' initial investment will be issued for no additional consideration (the "Penalty"). If and when the Liquidation Event occurs, the warrants will immediately be subject to a Warrant Acceleration Right ("Acceleration Rights"). This right is exercisable by the Company at its option if the daily volume weighted average price of the Company's common stock is greater than \$1.22 per share for the preceding ten consecutive trading days. If the Acceleration Right becomes available, the new expiration date of the warrants shall be 30 days following the notice of the Company's exercise.

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NOTE 7. DEBT (CONTINUED)

There were four features across which the allocation of the debt proceeds was applied on initial recognition: the host debt, conversion feature, warrants, and the Penalty. The host debt was valued using the effective interest method with the Company's incremental borrowing rate for such debt instruments of 30% as the discount rate. This resulted in the allocation of proceeds of \$8,791,025. The Company also incurred \$994,345 in debt issuance costs, which have been apportioned based on the respective value of the features of the convertible debenture. Total debt acquisition costs apportioned to the host debt were \$665,295, resulting in the initial carrying amount of the host debt of \$8,125,730.

The conversion feature embedded in the host debt meets the fixed for fixed requirements to be classified as equity. The conversion feature was allocated proceeds at issuance totaling \$3,437,116, which was valued using the Black-Scholes option pricing model. This feature was apportioned \$260,117 in debt acquisition costs, resulting in an initial allocation for the conversion feature of \$3,176,998. The warrants issued in connection with the debentures meet the fixed for fixed requirements and were classified as equity. The warrants were allocated proceeds at issuance totaling \$8,365, which was valued using a barrier option pricing model. This feature was apportioned \$633 in debt acquisition costs, resulting in an initial allocation for the warrant feature of \$7,732. The conversion feature and warrants have been recorded in contributed surplus and debt discount as of the date of issuance.

The Company recorded a derivative liability of \$902,494 at the issuance date for the Penalty. The derivative was recorded at fair value which was based on 10% of the value of the other three features. The collective value of these inputs was adjusted based on the expected probability that the Penalty consideration would be issued. This feature was apportioned \$68,300 in debt acquisition costs, which were expensed immediately. As of December 31, 2019, the value of the Penalty using the same inputs with updated assumptions as of that date was determined to have increased to \$1,105,671, an increase of \$203,177 which has been recorded to other expense in the accompanying consolidated statement of operations. In May 2020, the Penalty debentures and warrants were issued as the Company was not yet publicly trading, resulting in a loss of \$208,229. See Note 11 for additional information regarding the valuation of the identified features of the convertible debentures.

Interest recorded under the effective interest method through December 31, 2019 totaled \$1,832,379, which includes the \$68,300 of debt acquisition costs apportioned to the derivative liability that were expensed immediately. Interest expense of \$1,852,686 was recorded during the period ended September 30, 2020.

On June 23, 2020, the Company completed a private placement of an additional 100 Ikänik Farms 2020 Convertible Debentures at a price of \$1,000 USD per unit for aggregate gross proceeds of \$100,000. Immediately prior to the completion of the Reverse Take-Over, each Ikänik Farms 2020 Convertible Debenture converts into that number of units (the "Ikänik Farms Units") as is equal to the principal amount of the Ikänik Farms 2020 Convertible Debenture (plus any interest accrued thereon) divided by the Conversion Price. Each Ikänik Farms Unit consisted of one Ikänik Farms Common Share and one Ikänik Farms Common Share Warrant, with each such Ikänik Farms Common Share Warrant entitling the holder to exercise it for one Ikänik Farms Common Share at a price that is equal to 1.3 times the Conversion Price for a period of two years from the date of issuance.

As of September 30, 2020 and December 31, 2019, the balance of the debenture liability was \$13,156,396 and \$9,889,809, respectively, which was net of debt discount of \$1,099,856 and \$3,249,191, respectively.

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NOTE 8. SHARE CAPITAL

Authorized

Share capital consists of an unlimited number of Common Shares and an unlimited number of Series A Compressed Shares, both with no par value. Issued shares are fully paid. Each Series A Compressed Share is convertible into 100 common shares. Also, the Series A Compressed Shares have the same liquidation and dividend rights as the Common Shares into which they can convert.

Issued

The Company was founded with the issuance of 2,500,000 Common Shares in exchange for \$250 Canadian Dollars (\$205 USD at April 25, 2018).

On August 9, 2018, the Company issued 475,000 Class A Compressed Shares in connection with the Securities Exchange and Contribution Agreement noted above.

On August 31, 2018 and September 28, 2018, the Company closed a private placement financing in two tranches in which it issued 106,206.35 units for gross proceeds of \$2,497,572 USD (received as \$2,735,148 Canadian dollars and \$350,000 US dollars). Each unit consisted of one Series A Compressed Share and one-quarter warrant. Each whole warrant is exercisable at \$30.00 Canadian dollars per share (\$21.84 USD per share at December 31, 2018) for a period of 36 months from the date of issuance. A total of 89,479.35 Series A Compressed Shares were exchanged for 8,947,935 Common Shares, leaving 16,727 Series A Compressed Shares from this issuance outstanding at September 30, 2020 and December 31, 2019, respectively.

In March 2019, the Company entered into a Stock Transfer Agreement with the shareholders of THCA to exchange 40,884 Series A Compressed Shares for all outstanding shares of THCA. No cash consideration was exchanged in connection with the Stock Transfer Agreement.

In September 2019 the Company entered into a Stock Exchange Agreement with PIDEKA to exchange up to 33,333,333 shares of the Company's Common Shares for all outstanding shares of PIDEKA. The issuance of the Company's shares is agreed to occur after the completion of a series of conditions which the Company planned to undertake upon acquisition, including the delivery of contracts and licenses, the commencement of construction of a property in Colombia, and the delivery of a GMP certification. As such, these shares were not issued until February 2020 and a balance of \$19,664,020 was recorded as shares to be issued as of December 31, 2019.

Between November 2019 and February 24, 2020, the Company completed a non-brokered private placement of 1,897,429 Ikänik Farms Common Shares at a price of \$1.20 USD per Ikänik Farms Common Share for aggregate gross proceeds of \$2,276,959.

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NOTE 8. SHARE CAPITAL (CONTINUED)

On April 21, 2020, the Company completed a non-brokered private placement of 11,250 Ikänik Farms Series A Share units at a price of \$40.00 USD per Ikänik Farms Series A Share unit for a gross proceeds of \$450,000. Each Ikänik Farms Series A Share unit was comprised of one Ikänik Farms Series A Share and one Ikänik Farms Series A Share Warrant, with each whole warrant exercisable into one Ikänik Farms Series A Share at \$60.00 expiring 24 months from the date of a reverse takeover. Upon issuance, the warrants were determined using the Black-Scholes option pricing model to have a fair value of \$171,959 which was recorded as a component of Series A Compressed share equity.

On September 18, 2020 Ikänik Farms completed a non-brokered private placement of 14,464,482 common share units (consisting of one common share and one common share purchase warrant) at a price of \$0.40 per common share unit for gross proceeds of \$5,785,793. Upon issuance, the warrants were determined using the Black-Scholes option pricing model to have a fair value of \$2,210,971 which was recorded as a component of common share equity.

The following assumptions were used in determining the fair value of the warrants issued in 2020:

Fair Value Assumptions	Common	Series A Compressed
Risk-free interest rate	0.16%	0.16%
Expected term (in years)	2.5	2.5
Expected volatility	143%	143%
Dividend yield	0%	0%
Fair value per share	\$0.25	\$24.75

Warrants

The following is a summary of the Company's warrant activity for the nine months ended September 30, 2020 and the year ended December 31, 2019:

	Number of Warrants - Series A Compressed Shares	Number of Warrants - Common Shares	Number of Warrants - Total	Weighted- Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance, December 31, 2018	26,552	-	26,552	\$ 21.84	2.7	-
Granted	2,665	12,000,890	12,003,555	0.81	4.3	-
Exercised	-	-	-	-	-	-
Cancelled	-	-	-	-	-	-
Balance, December 31, 2019	29,217	12,000,890	12,030,107	0.86	4.3	1,403,396
Granted	11,517	15,515,230	15,526,747	0.61	2.5	-
Exercised	-	-	-	-	-	-
Cancelled	-	-	-	-	-	-
Balance, September 30, 2020	40,734	27,516,120	27,556,854	\$ 0.65	1.6	\$ -
Exercisable and vested, September 30, 2020	26,552	-	26,552	\$ 23.14	0.9	\$ -
December 31, 2019	26,552	-	26,552	\$ 23.14	1.7	\$ 1,403,396

There were no warrant exercises during the nine months ended September 30, 2020 and the year ended December 31, 2019. See Note 11 for information about valuation of all issued warrants.

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NOTE 8. SHARE CAPITAL (CONTINUED)

The Company uses the fair value method in recognizing stock-based compensation expense. Under the fair value method, the fair value of each stock option award was estimated on the grant date using the Black-Scholes option pricing model utilizing the assumptions noted below for each issuance.

In April 2019, the Company issued a total of 31,000 options to purchase the Company's Series A Compressed Shares and 2,500,000 common shares. The options are exercisable in Canadian dollars (\$30.00 CAD for Series A Compressed Shares and \$0.30 CAD for common shares, which converts to \$23.14 USD and \$0.23 USD, respectively, at December 31, 2019). Upon issuance, the options were determined using the Black-Scholes option pricing model to have a fair value of \$580,789, which was recorded as stock-based compensation. The following assumptions were used in determining the fair value of these options:

Fair Value Assumptions	
Risk-free interest rate	2.50%
Expected term (in years)	5
Expected volatility	120%
Dividend yield	0%
Fair value per share	\$0.13

In November 2019, the remaining options to purchase 19,250 of the Company's Series A Compressed Shares and 350,000 of the Company's common shares were issued. They are exercisable in US dollars for \$70.00 to \$80.00 per Series A Compressed Share and \$0.70 per common share. Upon issuance, the options were determined using the Black-Scholes option pricing model to have a fair value of \$1,021.958 which was recorded as stock-based compensation. The following assumptions were used in determining the fair value of these options:

Fair Value Assumptions	
Risk-free interest rate	1.60%
Expected term (in years)	5
Expected volatility	84%
Dividend yield	0%
Grant date fair value per share	\$0.68

In February 2020, the options to purchase 500 of the Company's Series A Compressed Shares were issued. They are exercisable in US dollars for \$80.00 per Series A Compressed Share. Upon issuance, the options were determined using the Black-Scholes option pricing model to have a fair value of \$27,235 which was recorded as stock-based compensation. The following assumptions were used in determining the fair value of these options:

Fair Value Assumptions	
Risk-free interest rate	0.20%
Expected term (in years)	5
Expected volatility	103%
Dividend yield	0%
Grant date fair value per share	\$0.74

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NOTE 8. SHARE CAPITAL (CONTINUED)

In March 2020, the remaining options to purchase 3,000 of the Company's Series A Compressed Shares and 50,000 of the Company's common shares were issued. They are exercisable in US dollars for \$40.00 per Series A Compressed Share and \$0.40 per common share. Upon issuance, the options were determined using the Black-Scholes option pricing model to have a fair value of \$216,720 which was recorded as stock-based compensation. The following assumptions were used in determining the fair value of these options:

Fair Value Assumptions	
Risk-free interest rate	0.20%
Expected term (in years)	5
Expected volatility	110%
Dividend yield	0%
Grant date fair value per share	\$0.74

In July 2020, the options to purchase 16,750 of the Company's Series A Compressed Shares and 1,190,000 of the Company's common shares were issued. They are exercisable in US dollars for \$40.00 per Series A Compressed Share and \$0.40 per common share. Upon issuance, the options were determined using the Black-Scholes option pricing model to have a fair value of approximately \$611,105 which was recorded as stock-based compensation. The following assumptions were used in determining the fair value of these options:

Fair Value Assumptions	
Risk-free interest rate	0.16%
Expected term (in years)	5
Expected volatility	143%
Dividend yield	0%
Grant date fair value per share	\$0.25

In September 2020, the options to purchase 400 of the Company's Series A Compressed Shares were issued. They are exercisable in US dollars for \$40.00 per Series A Compressed Share. Upon issuance, the options were determined using the Black-Scholes option pricing model to have a fair value of approximately \$8,532 which was recorded as stock-based compensation. The following assumptions were used in determining the fair value of these options:

Fair Value Assumptions	
Risk-free interest rate	0.16%
Expected term (in years)	5
Expected volatility	143%
Dividend yield	0%
Grant date fair value per share	\$0.25

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that options issued are expected to be outstanding. The risk-free rate was based on U.S. Treasury bills with a remaining term equal to the expected life of the warrants. The fair value per share was estimated based on recent equity transactions.

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NOTE 9. LOSS PER SHARE

The following table sets out the computation for basic and diluted loss per share:

	For the three months ended September 30, 2020	For the nine months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2019
Net loss attributable to common shareholders basic and diluted	\$ (4,083,489)	\$ (9,622,036)	\$ (3,349,502)	\$ (7,655,879)
Weighted average number of common shares outstanding, basic and diluted	102,951,469	95,189,448	63,629,999	63,629,999
Basic and diluted loss per share	\$ (0.04)	\$ (0.10)	\$ (0.05)	\$ (0.12)

Diluted loss per share is the same as basic loss per share as the issuance of shares on the exercise of convertible debentures, warrants and share options is anti-dilutive.

NOTE 10. CAPITAL MANAGEMENT

The Company's capital is composed of share capital, reserves and deficit. The Company manages its capital within the following objectives:

- (a) to ensure that there is sufficient financial flexibility to achieve the ongoing business objectives; and
- (b) to maximize shareholder return through enhancing shareholder value.

Management periodically reviews its capital management approach and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management for the nine months ended September 30, 2020 and the year ended December 31, 2019. The Company is not subject to externally imposed capital requirements.

NOTE 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments are held at amortized cost (adjustment for impairments or expected credit losses, as applicable) or FVTPL. The carrying values of financial instruments held at amortized cost approximate their fair values as of September 30, 2020 and December 31, 2019 due to their nature and relatively short maturity date. Financial assets and liabilities with embedded derivative features are carried as FVTPL.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to the fair value measurements. The three levels of hierarchy are

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

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NOTE 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Unless otherwise noted, the Company considers all financial instruments classified as FVTPL to be level 1 investments.

There have been no transfers between fair value levels valuing these assets during the year.

The following table summarized the Company's financial instruments as of September 30, 2020 and December 31, 2019:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 3,368,834	\$ 1,678,800
Accounts receivable	737,113	85,218
Related party receivable	32,951	145,283
Deposits on property and equipment	3,812,849	1,590,514
Other Assets	134,086	150,661
Financial Liabilities:		
Accounts payable and accrued expenses	\$ 4,651,901	\$ 971,651
Due to shareholder	109,887	-
Due to seller	740,000	840,000
Notes payable	201,472	232,602
Derivative liability	-	1,105,671
Warrant liability	353,962	1,423,766
Convertible debentures	13,156,396	9,889,809

(a) Convertible Debentures and Derivative Liability

As noted above, in May 2019 the Company issued convertible debenture units for gross proceeds of \$13,139,000, and incurred debt issuance costs of \$994,345, resulting in net proceeds of \$12,144,655. The debentures have a stated interest rate of 6% per year and mature two years from the date of issuance. Each \$1,000 debenture unit includes a debenture convertible into either Common Shares or Series A Compressed Shares with a conversion price of \$0.61 or \$61.00, respectively, and warrants for the purchase of 820 Common Shares at \$0.79 per share or 820 Series A Compressed Shares at \$79.00 per share. The debentures automatically convert upon the occurrence of a liquidity event, defined as an initial public offering or a merger or reverse take-over resulting in the Company being listed on a recognized Canadian stock exchange. If no such event occurs within one year from the date of issuance, additional debenture units representing 10% of the investors' initial investment will be issued for no additional consideration. The warrants issued in connection with the debentures also include a vesting acceleration trigger in the event that, following a liquidity event, the Company's Common Shares have a 10-day volume-weighted average price on a recognized stock exchange that is greater than \$1.22 per Common Share, which entitles the Company to accelerate the exercise period of the warrants to a minimum of 21 days from that date.

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NOTE 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

There were four features across which the allocation of the debt proceeds was applied on initial recognition: the host debt, conversion feature, warrants, and the Penalty. The host debt was valued using the effective interest method with the Company's incremental borrowing rate for such debt instruments of 26% as the discount rate. This resulted in the allocation of proceeds of \$8,791,025. The conversion feature was allocated proceeds at issuance totaling \$3,437,116, which was valued using the Black-Scholes option pricing model utilizing the following assumptions:

Fair Value Assumptions	Common	Series A Compressed
Risk-free interest rate	2.31%	2.31%
Expected term (in years)	2	2
Expected volatility	84%	84%
Dividend yield	0%	0%
Fair value per share	\$0.58	\$0.58

The warrants issued in connection with the debentures were allocated proceeds at issuance totaling \$26,174, which was valued using a barrier option pricing model utilizing the same assumptions as were used in valuing the conversion feature, plus the barrier price of \$1.22 per Common Share.

In conjunction with the issuance of convertible debentures, the Company recorded a derivative liability of \$902,494 at the issuance date for the Penalty. The derivative was valued at 10% of the value of the other three features. The collective value of these inputs was adjusted based on the expected probability that the Penalty consideration would be issued. As of December 31, 2019, the value of the Penalty using the same inputs with updated assumptions as of that date was determined to have increased to \$1,105,671, an increase of \$203,177 which has been recorded to other expense in the accompanying consolidated statement of operations. The following are the assumptions used at December 31, 2019:

Fair Value Assumptions	Common	Series A Compressed
Risk-free interest rate	1.60%	1.60%
Expected term (in years)	1.4	1.4
Expected volatility	82%	82%
Dividend yield	0%	0%
Fair value per share	\$0.74	\$74.00

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that warrants issued are expected to be outstanding. The risk-free rate was based on U.S. Treasury bills with a remaining term equal to the expected life of the warrants. The fair value per share was determined by an actuarial calculation of value performed by a third party.

In May 2020, the Penalty debentures and warrants were issued as the Company was not yet publicly trading, resulting in an addition to the debenture liability of \$1,313,900 (10% of the gross proceeds) and resulting in a loss on issuance of \$208,229.

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NOTE 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

On June 23, 2020, the Company completed a private placement of an additional 100 units of Ikänik Farms 2020 Convertible Debentures at a price of \$1,000 USD per unit for aggregate gross proceeds of \$100,000. Immediately prior to the completion of the Reverse Take-Over, each Ikänik Farms 2020 Convertible Debenture converts into that number of units (the "Ikänik Farms Units") as is equal to the principal amount of the Ikänik Farms 2020 Convertible Debenture (plus any interest accrued thereon) divided by the Conversion Price. Each Ikänik Farms Unit consisted of one Ikänik Farms Common Share and one Ikänik Farms Common Share Warrant, with each such Ikänik Farms Common Share Warrant entitling the holder to exercise it for one Ikänik Farms Common Share at a price that is equal to 1.3 times the Conversion Price for a period of two years from the date of issuance. As exercise of the warrants are contingent on the completion of a Reverse Take-Over, the timing of which remains uncertain, and due to the relatively small size of the funding, all of the proceeds have been allocated to the debenture liability.

(b) Warrant Liability

In connection with the private placement noted above, the Company issued warrants to purchase 26,551.59 Series A Compressed Shares, with a fair value of \$11.97 per warrant upon issuance at August 31, 2018 and September 28, 2018. The warrants are exercisable for a period of 36 months from the date of issuance at an exercise price of \$30.00 Canadian dollars per share (\$22.52 and \$23.14 USD per share at September 30, 2020 and December 31, 2019, respectively). As the warrants are exercisable in Canadian dollars and the Company's functional currency is US dollars, the fair value as stated in US dollars is subject to exchange rate fluctuations and has been classified as a liability. Upon issuance, the warrants were determined to have a fair value of \$317,786. The warrants were determined to have a fair value of \$353,962 (\$13.33 per warrant) and \$1,423,766 (\$69.51 per warrant) at September 30, 2020 and December 31, 2019, respectively. The changes in fair value from issuance through September 30, 2020 and December 31, 2019 was a decrease of \$1,069,804 and an increase of \$1,145,003, respectively, have been recorded in other expense and other income, respectively, in the accompanying consolidated statement of operations and comprehensive loss. The fair value of the warrants exercisable for the Company's Series A Compressed Shares was determined using the Black-Scholes option pricing model with the following assumptions:

Fair Value Assumptions	December 31, 2019	September 30, 2020
Risk-free interest rate	1.60%	0.16%
Expected term (in years)	1.7	0.95
Expected volatility	82%	143%
Dividend yield	0%	0%
Fair value per share	\$73.50	\$24.75

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that warrants issued are expected to be outstanding. The risk-free rate was based on U.S. Treasury bills with a remaining term equal to the expected life of the warrants. The fair value per share was determined by an actuarial calculation of value performed by a third party. As of September 30, 2020 and December 31, 2019, warrants outstanding have a weighted-average remaining contractual life of 0.9 and 1.7 years, respectively.

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NOTE 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial Risk Management

The Company's financial risk exposures and the impact on the Company's financial instruments are as follows:

- (a) Credit risk: Credit risk is the risk of potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at September 30, 2020 and December 31, 2019 is the carrying amount of cash and accounts receivable. The Company does not have significant credit risk with respect to its customer, based on the continued economic strength of the U.S., strength of the U.S. capital markets, and the low interest rate environment. Although all deposited cash is placed with U.S. financial institutions in good standing with regulatory authorities, changes in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry have passed the House of Representatives, but has not yet been voted on within the Senate. Given that the U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry.

As of September 30, 2020 and December 31, 2019, the Company's aging of accounts receivable was as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
0 to 60 days	657,197	85,213
61 to 120 days	79,916	5
120 days +	-	-
Total accounts receivable	<u>737,113</u>	<u>85,218</u>

The Company has not recorded any bad debt expense during the three and nine month ended September 30, 2020 or the year ended December 31, 2019.

- (b) Asset forfeiture risk: Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.
- (c) Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of September 30, 2020 and December 31, 2019, the Company had working capital deficit of \$3,409,673 and \$3,636,448, respectively. At September 30, 2020 and December 31, 2019, the Company had a cash balance of \$3,368,834 and \$1,678,800, respectively, to settle current financial liabilities of \$8,931,455 and \$6,464,891, respectively. The Company will continue to raise capital as needed to fund operations and expansion. The maturity analysis for lease obligations is located in Note 5. The maturity analysis for

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notes payable and convertible debentures are located in Note 7. All other financial liabilities have contractual maturities of less than one year.

NOTE 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

- (d) Market risk
- (i) Currency risk: The operating results and financial position of the Company are reported in U.S. dollars. As of December 31, 2019 and 2018, the Company's financial assets and liabilities are denominated primarily in U.S. dollars. However, from time to time, some of the Company's financial transactions are denominated in currencies other than the U.S. dollar. The Company also acquired PIDEKA during the year ended December 31, 2019, which transacts in the Colombia peso. Accordingly, the results of the Company's operations are subject to currency transaction and translation risks. As of December 31, 2019 and 2018, the Company had no hedging agreements in place with respect to foreign currency exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.
- (ii) Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company calculates an incremental borrowing rate to use in the valuation of its financial instruments.
- (e) International risk: The Company's operations in Columbia, as well as any additional countries in which the Company may begin operations in the future, exposes the Company to foreign laws, varying methods of legal enforcement, and potential political instability. The Company manages this risk by attempting to understand the operating environment in foreign countries.

NOTE 12. INCOME TAXES

The Company's provision for income taxes for the nine months ended September 30, 2020 and September 30, 2019 is as follows:

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Current:		
Federal	\$ -	\$ -
State	-	-
Total current	-	-
Deferred:		
Federal	-	-
State	-	-
Total deferred	-	-
Total provision for income taxes	\$ -	\$ -

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NOTE 12. INCOME TAXES (CONTINUED)

The reconciliation of the federal statutory rate to the effective tax rate is as follows for the nine months ended September 30, 2020 September 30, 2019:

	<u>Nine Months Ended September 30, 2020</u>	<u>Nine Months Ended September 30, 2019</u>
Expected provision at statutory federal rate	21.0 %	21.0 %
State tax - net of federal benefit	8.0	7.8
Permanent non-deductible items	(15.7)	(20.9)
Increase in valuation allowance	<u>(13.3)</u>	<u>(7.9)</u>
Effective tax rate	(0.0) %	(0.0) %

The principal components of deferred tax assets and liabilities are as follows as of September 30, 2020 and December 31, 2019:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Deferred tax assets:		
Net operating loss carryforwards	\$ 2,331,625	\$ 1,050,645
Total deferred tax asset	<u>2,331,625</u>	<u>1,050,645</u>
Deferred tax liabilities:		
Property and equipment	<u>-</u>	<u>-</u>
Total deferred tax asset	<u>-</u>	<u>-</u>
Total deferred taxes	2,331,625	1,050,645
Valuation allowance	<u>(2,331,625)</u>	<u>(1,050,645)</u>
Net deferred taxes	<u>\$ -</u>	<u>\$ -</u>

Deferred income taxes reflect the net effects of temporary differences between the amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The realization of deferred tax assets may be dependent on the Company's ability to generate sufficient income in future years in the associated jurisdiction to which the deferred tax asset relates. As of September 30, 2020 and December 31, 2019, the Company recorded a valuation allowance of \$2,331,625 and \$1,050,645, respectively, against the deferred tax asset balance as realization is uncertain.

The Company recognizes interest and penalties related to unrecognized tax benefits in operating expenses. No such interest and penalties were recognized during the three and nine months ended September 30, 2020 and 2019.

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NOTE 12. INCOME TAXES (CONTINUED)

As of September 30, 2020 and December 31, 2019, the Company had a federal net operating loss carryforward of \$2,504,644 and \$88,287, respectively. As of September 30, 2020 and December 31, 2019, the Company had California state net operating loss carryforwards of \$20,425,903 and \$11,675,396, respectively, which begin to expire in 2040 and are subject to certain limitations. Under IRC 382, if a corporation undergoes an ownership change, the corporation's ability to use its pre-change net operating loss carryforwards to offset its post-change income may be limited. The Company has not completed a study to assess whether an ownership change has occurred and future changes in the Company's stock ownership or future equity offerings or acquisitions that have equity as a component of the purchase price could result in an ownership change. If an ownership change has occurred or does occur in the future, utilization of the net operating loss carryforwards may be limited.

As the Company operates in the legal cannabis industry, the Company is subject to the limits of IRC Section 280E for U.S. Federal income tax purposes under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent difference between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. However, the State of California does not conform to IRC Section 280E and, accordingly, the Company deducts all operating expenses on its California Franchise Tax Returns.

NOTE 13. RELATED PARTIES

The Company's key management personnel have the authority and responsibility for planning, directing, and controlling the activities of the Company and consists of the Company's executive management team and management directors. Other than the transactions described below for the nine months ended September 30, 2020 and year ended December 31, 2019, there were no material transactions with or changes to other related party balances as of September 30, 2020 and December 31, 2019. Key management personnel compensation and other related party expenses for the three and nine months ended September 30, 2020 and 2019 are as follows:

	Nine months ended September 30, 2020	Year ended December 31, 2019
Management compensation	\$ 184,169	\$ 240,953
Stock compensation expense	412,830	596,048

At September 30, 2020, the Company accrued for a balance of \$108,887 due to certain shareholders for reimbursable company expenses that were paid on the Company's behalf. The balance was repaid during the fourth quarter of 2020.

The Company also acquired \$0 and \$23,292, respectively, in property and equipment during the nine months ended September 30, 2020 and September 30, 2019 and also incurred \$38,528 and \$536,839, respectively, in consulting fees from a related party owned by a shareholder during the same periods. As of September 30, 2020 and December 31, 2019 the Company had an outstanding balance due from this related party of \$32,951 and \$145,283, respectively, from advances from the Company. The advances are non-interest bearing and due on demand.

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NOTE 14. COMMITMENTS AND CONTINGENCIES

Commitments

In connection with the Company's THCA and PIDEKA acquisitions, the Company agreed to certain capital expenditure commitments. For THCA, the Company agreed to a capital expenditure commitment of \$800,000, of which none had been spent as of September 30, 2020 and December 31, 2019, respectively. For PIDEKA, the Company agreed to a capital expenditure commitment of \$6,700,000, of which \$3,812,849 and \$1,560,443 has been spent as of September 30, 2020 and December 31, 2019, respectively, leaving a remaining commitment balance of \$2,887,151 and \$5,139,557, respectively.

Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management believes that the Company is in compliance with applicable local and state regulations as of September 30, 2020 and December 31, 2019, medical and recreational marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

Litigation

The Company is subject to certain claims and legal matters that arise in the normal course of business, though no such claims or legal matters are outstanding. Management does not expect any such claims and legal actions to have a material adverse effect on the Company's financial position, results of operations or liquidity.

NOTE 15. SEGMENT INFORMATION

The Company operates in one segment, the cultivation, production, and sale of cannabis. While the majority of the Company's property and equipment and operations are located in the United States, the Company's operations from the PIDEKA acquisition are located in Columbia. As of September 30, 2020 and December 31, 2019, property and equipment of approximately \$22,000 were located in Colombia. The Company's operations in Columbia generated approximately \$245,000 and \$1,019,000, respectively, of the Company's net loss for the three and nine months ended September 30, 2020 and \$0 of the Company's net loss for the three and nine months ended September 30, 2019.

NOTE 16. SUBSEQUENT EVENTS

Management has evaluated subsequent events that have occurred through the date that the financial statements were available to be issued and determined that there were no subsequent events that required recognition or disclosure in the financial statements as of and for the three and nine months ended September 30, 2020, except as disclosed below.

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NOTE 16. SUBSEQUENT EVENTS (CONTINUED)

On November 13, 2020, the Company completed a non-brokered private placement of 6,484,940 Ikänik Farms Common Share units at a price of \$0.55 USD per Ikänik Farms Common Share unit for gross proceeds of \$3,566,717. Each Ikänik Farms Common Share unit was comprised of one Ikänik Farms Common Share and a half Ikänik Farms Common Share Warrant, with each whole warrant exercisable into one Ikänik Farms Common Share at \$0.75 per share expiring 24 months from the date of a liquidity event.

On January 8, 2021, Ikänik Farms issued a total of 125,000 Ikänik Farms Common Shares and 5,908 Ikänik Farms Series A Shares at a price of \$0.40 and \$40.00, per Ikänik Farms Common Share and Ikänik Farms Series A Share, respectively, representing a dollar amount of \$286,320 in the aggregate, to employees and one supplier of Ikänik Farms in satisfaction of services previously rendered.



Ikänik Farms, Inc. and Subsidiaries
(Formerly Cannus Partners, Inc.)

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Ikänik Farms, Inc. and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

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Certified
Public
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
Ikänik Farms, Inc (Formerly Cannus Partners, Inc.) and Subsidiaries

Opinion

We have audited the consolidated financial statements of Ikänik Farms, Inc (Formerly Cannus Partners, Inc.) and its Subsidiaries (the "Company"), which comprise the statements of financial position as at December 31, 2019, and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 2 to the financial statements, the entity has suffered recurring losses from operations and net operating cash outflows that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MACIAS GINI & O'CONNELL LLP



Irvine, California March 18, 2021

Independent Auditor's Report

To the Board of Directors and Stockholders of
Ikänik Farms, Inc (Formerly Cannus Partners, Inc.) and Subsidiaries

Opinion

We have audited the consolidated financial statements of Ikänik Farms, Inc (Formerly Cannus Partners, Inc.) and its Subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the period of inception (April 25, 2018) through December 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



HALL & COMPANY

Irvine, California

January 13, 2020

Ikänik Farms, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 and 2018
(Expressed in US dollars)

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,678,800	\$ 1,802,642
Accounts receivable (Note 2)	85,218	-
Inventories (Note 2)	437,095	-
Related party receivable (Note 13)	145,283	-
Prepaid expenses and other current assets	482,047	36,250
Total current assets	2,828,443	1,838,892
Property & equipment, net (Note 4)	2,962,831	21,078
Right of use asset, net (Note 4 and 5)	6,587,330	-
Deposits on property and equipment	1,590,514	179,962
Intangible assets, net (Note 6)	10,381,667	-
Goodwill (Note 6)	10,766,667	-
Other Assets	150,661	39,000
Total assets	\$ 35,268,113	\$ 2,078,932
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 971,651	\$ 43,302
Due to shareholder (Note 13)	-	46,270
Due to seller (Note 3 and 7)	840,000	-
Current portion of lease liabilities (Note 5)	2,081,877	-
Current portion of notes payable (Note 7)	41,926	-
Derivative liability (Note 11)	1,105,671	-
Warrant liability (Note 11)	1,423,766	278,763
Total current liabilities	6,464,891	368,335
Lease liabilities (Note 5)	3,915,394	-
Notes payable (Note 7)	190,676	-
Convertible debenture, net of debt issuance costs (Note 7)	9,889,809	-
Deferred Rent	-	6,339
Total liabilities	20,460,770	374,674
Shareholders' equity		
Series A Compressed Shares (unlimited shares authorized, 532,611 and 491,727 shares issued and outstanding as of December 31, 2019 and 2018, respectively)	832,926	339,926
Common Shares (unlimited shares authorized, 12,281,269 and 11,447,935 shares issued and outstanding as of December 31, 2019 and 2018, respectively)	2,840,066	1,840,066
Shares to be issued (Note 3)	19,664,020	-
Contributed surplus	4,787,478	-
Accumulated other comprehensive income	48,934	-
Accumulated deficit	(13,366,081)	(475,734)
Total shareholders' equity	14,807,343	1,704,258
Total liabilities and shareholders' equity	\$ 35,268,113	\$ 2,078,932
Going Concern (Note 2)		
Commitments and Contingencies (Note 13)		
Subsequent Events (Note 14)		

Approved and authorized for issue on behalf of the Shareholders on February 12, 2021:

SIGNATURE

SIGNATURE

TITLE

TITLE

Ikänik Farms, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS FOR THE
YEAR ENDED DECEMBER 31, 2019 AND THE PERIOD OF INCEPTION (APRIL 25, 2018)
THROUGH DECEMBER 31, 2018
(Expressed in US dollars)

	Year Ended December 31, 2019	Period of Inception (April 25, 2018) through December 31, 2018
Revenue	\$ 113,343	\$ -
Cost of Goods Sold	<u>116,329</u>	<u>-</u>
Gross Loss	<u>(2,986)</u>	<u>-</u>
Operating Expenses		
General and Administrative Expenses	6,739,854	342,928
Marketing & Advertising Expenses	457,760	42,492
Depreciation and Amortization Expenses	<u>1,823,625</u>	<u>602</u>
Total Operating Expenses	<u>9,021,239</u>	<u>386,022</u>
Other (Income) Expenses		
Interest Expense, net	2,032,200	-
Foreign Currency (Gain) Loss	(8,989)	127,934
Loss on Impairment of Intangible Assets (Note 6)	508,000	-
Change in Fair Value of Warrant and Derivative Liabilities (Note 11)	1,348,180	(39,022)
Other Income	<u>(14,069)</u>	<u>-</u>
Total Other (Income) Expenses	<u>3,865,322</u>	<u>88,912</u>
Net Loss Before Provision For Income Taxes	(12,889,547)	(474,934)
Provision for Income Taxes (Note 12)	<u>800</u>	<u>800</u>
Loss for the Period	(12,890,347)	(475,734)
Other Comprehensive Income	<u>48,934</u>	<u>-</u>
Total Comprehensive Loss for the Period	<u>\$ (12,841,413)</u>	<u>\$ (475,734)</u>
Weighted average number of common shares	63,987,744	23,873,649
Basic and diluted net loss per common share	<u>\$ (0.20)</u>	<u>\$ (0.02)</u>

Ikänik Farms, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD OF INCEPTION (APRIL 25, 2018) THROUGH DECEMBER 31, 2019
(Expressed in US dollars)

	Common Shares		Shares to be issued	Series A Compressed Shares		Contributed Surplus	Accumulated	Accumulated	Total
	Shares	Amount		Shares	Amount		Other Comprehensive Income		
Founder share issuance (Note 8)	2,500,000	\$ 205	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ 205
Issuance of shares in exchange for acquisition of subsidiaries (Note 3)	-	-	-	475,000	-	-	-	-	-
Issuance of Series A Compressed shares (Note 8)	-	-	-	106,206	2,179,787	-	-	-	2,179,787
Conversion of Series A Compressed shares into common shares (Note 8)	8,947,935	1,839,861	-	(89,479)	(1,839,861)	-	-	-	-
Net and comprehensive loss	-	-	-	-	-	-	-	(475,734)	(475,734)
Balance as of December 31, 2018	11,447,935	\$ 1,840,066	\$ -	491,727	\$ 339,926	\$ -	\$ -	\$ (475,734)	\$ 1,704,258
Issuance of shares in exchange for acquisition of subsidiaries (Note 3)	-	-	19,664,020	40,884	493,000	-	-	-	20,157,020
Issuance of common shares (Note 8)	833,334	1,000,000	-	-	-	-	-	-	1,000,000
Conversion feature of and warrants issued with convertible debenture (Note 7 and 11)	-	-	-	-	-	3,184,731	-	-	3,184,731
Stock based compensation (Note 8)	-	-	-	-	-	1,602,747	-	-	1,602,747
Comprehensive loss	-	-	-	-	-	-	48,934	(12,890,347)	(12,841,413)
Balance as of December 31, 2019	12,281,269	\$ 2,840,066	\$ 19,664,020	532,611	\$ 832,926	\$ 4,787,478	\$ 48,934	\$ (13,366,081)	\$ 14,807,343

Ikänik Farms, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019 AND THE PERIOD OF INCEPTION (APRIL 25,
2018) THROUGH DECEMBER 31, 2018
(Expressed in US dollars)

	Year Ended December 31, 2019	Period of Inception (April 25, 2018) through December 31, 2018
Cash flows from operating activities:		
Net loss	\$ (12,890,347)	\$ (475,734)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation & amortization	1,823,625	602
Impairment of intangible assets	508,000	-
Interest expense from debt issuance costs allocated to derivative liability	68,300	-
Stock compensation expense	1,602,747	-
Loss on lease termination	36,513	-
Change in fair value of derivative liability	203,177	-
Change in fair value of warrant liability	1,145,003	(39,022)
Changes in operating assets and liabilities:		
Accounts receivable	(85,218)	-
Related party receivables	(145,283)	-
Inventories	(437,095)	-
Prepaid expenses and other current assets	(445,797)	(36,250)
Other assets	(111,430)	(39,000)
Accounts payable and accrued expenses	919,331	43,302
Accrued interest	1,764,079	-
Deferred rent	(6,339)	6,339
Net cash used in operating activities	<u>(6,050,734)</u>	<u>(539,763)</u>
Cash flows from investing activities:		
Purchase of property & equipment	(4,181,612)	(21,680)
Deposits on purchases of property & equipment	-	(179,962)
Net cash used in investing activities:	<u>(4,181,612)</u>	<u>(201,642)</u>
Cash flows from financing activities:		
Repayment of lease liabilities	(2,264,992)	-
Advances from shareholder	-	46,270
Repayment on balances due to sellers	(773,823)	-
Issuance of convertible loans	12,144,655	-
Issuance of shareholder loans	350,000	-
Repayment of shareholder loans	(396,270)	-
Issuance of Series A Compressed shares and warrants	-	2,497,777
Issuance of common shares	1,000,000	-
Net cash provided by financing activities:	<u>10,059,570</u>	<u>2,544,047</u>
Effect of currency translation on cash and cash equivalents	48,934	-
Change in cash and cash equivalents	(123,842)	1,802,642
Beginning cash and cash equivalents balance	1,802,642	-
Ending cash and cash equivalents balance	1,678,800	1,802,642

Supplemental Disclosures of Non-Cash Investing and Financing Activities

Warrants and derivative liability issued with debenture issuance	\$ 4,087,225	\$ -
Acquisition of certain assets of THCA, Inc. in exchange for Series A Compressed shares and balance due to sellers	\$ 893,000	\$ -
Acquisition of PIDEKA S.A.S. in exchange for shares to be issued	\$ 19,664,020	\$ -
Acquisition of certain assets of High End, LLC in exchange for balance due to sellers	\$ 1,190,000	\$ -
Acquisition of vehicles through notes payable	\$ 256,425	\$ -
Right of use assets and lease liabilities from leases	\$ 8,525,073	\$ -

Ikanik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Expressed in US dollars)

NOTE 1. NATURE OF OPERATIONS

Ikanik Farms, Inc. (“Ikanik” or the “Company”), formerly known as Cannus Partners, Inc., was incorporated under the Business Corporations Act (Canada) on April 25, 2018. The head office and principal address of the Company is 2211 Hunts Lane, Suite L, San Bernardino, CA USA 92408. The Company’s registered and records office address is 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H3C2. The Company operates through its wholly-owned subsidiaries Cannus, Inc., a California corporation, Blunt Brothers, Inc., a California Corporation, Ikanik Farms, Inc., a California Corporation, THCA, Inc., a California Corporation, PIDEKA S.A.S., a Colombian Corporation, Ikanik Life, Inc., a California Corporation, Ikanik Designs, LLC, a Nevada Limited Liability Company, Ikanik Farms International, Inc., a Canadian Corporation, and Firehouse Holdings, Inc., a California Corporation. The Company also owns 90% of High End, LLC, a California Limited Liability Company.

In May 2019, the Company changed its name from Cannus Partners, Inc. to Ikanik Farms, Inc. to take advantage of the branding. See Note 3 for acquisitions and mergers.

These consolidated financial statements were approved by the Board of Directors on February 11, 2021.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Reporting Interpretations Committee (“IFRIC”). The accounting policies set out below have been applied consistently to all periods presented, unless otherwise noted.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments that are measured at fair value through profit or loss, as detailed in the Company’s accounting policies.

Going Concern

As reflected in the consolidated financial statements, the Company had an accumulated deficit of \$13,366,081 and a negative net working capital of \$3,636,448 (current liabilities greater than current assets) as of December 31, 2019, as well as a net loss of \$12,890,347 and negative cash flow from operating activities of \$6,050,734 for the year then ended. The Company has not generated significant revenues and has incurred net losses since inception. These factors raised significant doubt about the Company’s ability to continue as a going concern for at least one year from the issuance of these consolidated financial statements.

The Company’s primary source of operating funds since inception has been cash proceeds from sales of the Company’s stock and from the issuance of convertible debentures. The Company intends to raise additional capital through additional sales of stock. There can be no assurance that these funds will be available on terms acceptable to the Company or that they will be sufficient to enable the Company to fully complete its development activities or sustain operations.

Ikanik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Expressed in US dollars)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the Company is unable to raise sufficient additional funds, it will have to develop and implement a plan to further reduce expenses, scale back its business plan, or curtail operations until sufficient additional capital is raised to support further operations.

Functional and Presentation Currency

These consolidated financial statements are presented in US dollars, which is also the Company's functional currency. The Company maintains certain accounts in Canadian dollars for which the effects of the translation are recorded in foreign currency loss and other comprehensive income in the consolidated statements of operations and comprehensive loss.

Basis of Consolidation

These consolidated financial statements as of and for the periods ended December 31, 2019 and 2018 include the accounts of the Company and its subsidiaries. All intercompany balances and transactions are eliminated on consolidation. Subsidiaries are those entities over which the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to sue its power to affect its returns. The following are Ikanik's wholly and partially owned subsidiaries over which the Company has control as of December 31, 2019 and 2018:

Entity	Location	Purpose	Percentage Held- 2019	Percentage Held- 2018
Ikanik Farms, Inc.	Ontario, Canada	Parent Company		
Cannus, Inc.	California	Holding Company	100%	100%
Blunt Brothers, Inc.	California	Operating Entity	100%	100%
Ikanik Farms, Inc.	California	Cultivation, Production, and Dispensary Facility	100%	100%
Firehouse Holdings, Inc.	California	Holding Company	100%	100%
THCA, Inc.	California	Cultivation and Production Facility	100%	0%
PIDEKA, S.A.S.	Colombia	Cultivation and Production Facility	100%	0%
High End, Inc.	California	Dispensary	90%	0%
Ikanik Life, Inc.	California	Non-Operating Entity	100%	0%
Ikanik Designs, LLC	Nevada	Non-Operating Entity	100%	100%
Ikanik Farms International, Inc.	Ontario, Canada	Non-Operating Entity	100%	0%

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Accounts Receivable

Accounts receivable are classified as financial assets initially recognized at fair value and subsequently measured at amortized cost, less any provisions for impairment. When an account receivable is uncollectible, it is written off against the provision.

Inventories

Inventories of purchased finished goods and packaging materials are initially valued at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to

Ikänik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Expressed in US dollars)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

make the sale. The Company reviews inventory for obsolete, redundant, and slow-moving goods and any such inventory is written down to net realizable value.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets. As of December 31, 2019 and 2018, the Company's property and equipment consists of computer software & hardware, furniture & equipment, leasehold improvements, and vehicles, each with the estimated useful lives shown below. The Company's right-of-use assets for property and equipment leases are depreciated over the lease terms. The assets' useful lives are reviewed at each financial year end and adjusted prospectively if appropriate.

	Estimated Useful Life
Computer software & hardware	3-6 years
Furniture & equipment	3-10 years
Leasehold improvements	3-6 years
Vehicles	5-6 years
Right-of-use assets	3-10 years

As of December 31, 2019 and 2018, a total of \$1,590,514 and \$179,962, respectively, in deposits have been paid for property and equipment purchases during the year ended December 31, 2019.

Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date or date of consolidation/control. Amortization of definite-lived intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

Market related intangible assets	5 years
Customer relationships	5 years

The estimated useful lives and residual values are reviewed at each year end, and any changes in estimates are accounted for prospectively. Intangible assets that have an indefinite useful life are not subject to amortization. The Company's indefinite-lived intangible assets consist of licenses, which, for valuation purposes, represent the future benefits associated with the Company's cultivation, processing, and dispensary licenses. Absent such license intangibles, the Company cannot continue as a going concern and as such, there is no foreseeable limit to the period over which these assets are expected to generate future cash inflows to the Company.

Definite-lived intangible assets are tested for impairment when there is an indication of impairment. Indefinite-lived intangible assets are tested for impairment annually or more frequently as warranted if events or changes in circumstances indicate impairment (refer to Note 10 for additional detail on impairment tests). For the years ended December 31, 2019 and 2018, the Company recognized \$508,000 and \$0, respectively, in impairment losses. See Note 6 for additional information on impairment of intangible assets.

Ikänik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Expressed in US dollars)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of a business over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash-generating unit (“CGU”) or CGUs which are expected to benefit from the synergies of the combination.

Goodwill is tested for impairment annually or more frequently as warranted if events or changes in circumstances indicate impairment. For the purpose of impairment testing, goodwill and indefinite-lived intangible assets have been allocated to CGUs or groups of CGUs representing the lowest level that the assets are monitored for internal reporting purposes. Goodwill and indefinite-lived intangible assets are tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount (the higher of the asset’s fair value less costs of disposal and value-in-use); an impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment loss is recognized in the Consolidated Statements of Operations and Comprehensive Loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. The Company’s most recent goodwill impairment test during the fourth quarter did not result in the recognition of any impairment losses. The Company has not recorded any goodwill impairment for the years ended December 31, 2019 and 2018.

Business Combinations and Asset Acquisitions

The Company assesses whether an acquisition should be accounted for as an asset acquisition or a business combination under IFRS 3. This assessment requires management to make judgements on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business and the Company obtains control of the business inputs and processes.

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method.

The total consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred by the acquirer, and the liabilities incurred by the acquirer to former owners of the acquiree, in exchange for control of the acquiree at the acquisition date. The acquisition date is the date where the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. The consideration transferred also includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. The measurement period is the period from the acquisition date to the date complete information about facts and circumstances that existed as of the acquisition date is received. However, the measurement period does not exceed one year from the acquisition date.

Ikänik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Expressed in US dollars)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognized in profit or loss.

Revenue Recognition

The Company's primary source of revenue is from wholesale of cannabis products to dispensary locations. The Company accounts for revenue recognition in accordance with IFRS 15, Revenue from Contracts with Customers, which includes a five-step model for contracts with customers as follows:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price, which is the total considerations provided by the customer;
4. Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5. Recognize revenue when the relevant criteria are met for each unit (at a point in time or over a period of time).

The Company recognizes revenue upon satisfaction of the performance obligation, when control of the promised goods is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods, upon delivery and acceptable by customers.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent they relate to items recognized directly in equity or other comprehensive income (loss).

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

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

Ikänik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Expressed in US dollars)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Warrant Liability (Derivative Liabilities)

The Company evaluates all of its agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then revalued at each reporting date, with changes in the fair value reported in the Consolidated Statements of Operations and Comprehensive Loss. In calculating the fair value of derivative liabilities (specifically warrant liability), the Company uses a valuation model. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the Consolidated Statements of Financial Position as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the Consolidated Statements of Financial Position date.

Stock-Based Compensation

The Company measures equity settled stock-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For stock-based payments granted to non-employees, the compensation expense is measured at the fair value of goods and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of stock-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments.

For awards where the holder has the election of settling their award in either cash or equity, the fair value of stock-based compensation is remeasured at the end of each reporting period until the corresponding awards vest. The Company did not have any such awards outstanding at December 31, 2019.

Financial Instruments

The Company accounts for its financial instruments in accordance with IFRS 9, *Financial Instruments*. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivables and other financial liabilities categories. IFRS 9 also includes an expected credit loss model for the purpose of assessing the impairment of financial assets.

Ikänik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Expressed in US dollars)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are incremental and are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The classification of financial instruments dictates how these assets and liabilities are measured subsequently in the Company's consolidated financial statements.

(i) Financial Instruments Measured at Fair Value Through Profit or Loss

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of sale in the near term. Derivative financial instruments that are not designated and effective as hedging instruments are also classified as FVTPL. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period. Financial assets in this category include certain short-term investments, derivatives and contingent consideration.

(ii) Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Financial assets in this category include cash and cash equivalents, short-term investments, trade receivables, other receivables, and loans receivable.

(iii) Impairment of Financial Assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Company recognizes expected credit losses ("ECL") for trade receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime ECLs at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Trade receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For financial assets carried at amortized cost, the Company recognizes loss allowances for ECLs on its financial assets measured at amortized cost. ECLs are a probability-weighted estimate of credit losses. The Company applies a three-stage approach to measure ECLs. The Company measures loss allowance at an amount equal to 12 months of expected losses for performing loans receivable if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected losses on loans receivable that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses which are credit impaired (Stage 3).

The Company considers a significant increase in credit risk to have occurred if contractual payments are more than 30 days past due and considers the loans receivable to be in default if they are 90 days past due. A significant increase in credit risk or default may have also occurred if there are other qualitative factors (including forward looking information) to consider; such as borrower specific information (i.e., change in credit assessment).

Objective evidence of impairment of financial assets carried at amortized cost exists if the counterparty is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counterparty that would not normally be granted, or it is probable the counterparty will enter into bankruptcy or a financial reorganization.

(iv) **Financial Liabilities Measured at Amortized Cost**

Financial liabilities measured at amortized cost are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired. Financial liabilities in this category include accounts payable and accrued liabilities and deferred consideration and other payables.

Summary of the Company's Classification and Measurements of Financial Assets and Liabilities

	IFRS 9	
	Classification	Measurement
Cash and cash equivalents	FVTPL	Fair value
Accounts receivable	Amortized cost	Amortized cost
Deposits on property and equipment	Amortized cost	Amortized cost
Other Assets	Amortized cost	Amortized cost
Accounts payable and accrued expenses	Amortized cost	Amortized cost
Due to shareholder	Amortized cost	Amortized cost
Due to seller	Amortized cost	Amortized cost
Notes payable	Amortized cost	Amortized cost
Derivative liability	FVTPL	Fair value
Warrant liability	FVTPL	Fair value
Convertible debentures	Amortized cost	Amortized cost

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical Accounting Estimates and Judgements

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgements, estimates, and assumptions that have the most significant effect on the amounts recognized in the accompanying consolidated financial statements are described below.

(i) ECL on Trade Receivables

The Company calculates ECLs for trade receivables based on the historical default rates over the expected life of the trade receivable and adjusts for forward-looking estimates, which is determined through the exercise of judgment.

(ii) Inventory

In calculating the value of inventory, management compares the inventory cost to estimated net realizable value to determine if the cost of any inventory exceeds its net realizable value, such as in cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

(iii) Estimated Useful Lives, Depreciation of Property and Equipment, and Amortization of Intangible Assets

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment.

Amortization of intangible assets is dependent upon estimates of useful lives which are determined through the exercise of judgment.

(iv) Property and Equipment Impairment

The Company evaluates the carrying value of long-lived assets at the end of each reporting period whenever there is any indication that a long-lived asset is impaired. Such indicators include evidence of physical damage, indicators that the economic performance of the asset is worse than expected, or that the decline in asset value is more than the passage of time or normal use, or significant changes occur with an adverse effect on the Company's business. If any such indication exists, the Company estimates the recoverable amount of the asset.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An asset is impaired when its carrying amount exceeds its recoverable amount. The Company measures impairment based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset. The fair value is determined primarily by using the projected future cash flows discounted at a rate commensurate with the risk involved as well as market valuations. Losses on long-lived assets to be disposed of are determined in a similar manner, except that the fair values are reduced for an estimate of the cost to dispose or abandon.

(v) Goodwill and Indefinite-Lives Intangible Asset Impairment

Goodwill and indefinite-lived intangible assets are tested for impairment annually during the fourth quarter and whenever events or changes in circumstances indicate that the carrying amount of these assets has been impaired. In order to determine if the value of these assets has been impaired, the CGU to which the assets have been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts, market data and discount rates. Changes in the conditions for these judgements and estimates can significantly affect the assessed value of goodwill and indefinite-lived intangibles. The Company has determined that the goodwill associated with all acquisitions belongs to each respective state as this is the lowest level at which management monitors goodwill and indefinite-lived intangibles. See Note 6 for additional detail.

(vi) Business Combinations and Asset Acquisitions

Determination of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business. The classification can have a significant impact on the accounting on and subsequent to the acquisition date.

a. Business Combinations

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for by applying the acquisition method. The total consideration transferred in a business combination is the sum of the fair values of assets transferred, liabilities incurred or assumed, and equity interests issued by the acquirer in exchange for control of the acquiree. The acquisition date is the date where the Company obtains control of the acquiree. The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS 3 Business Combinations provides exceptions to recording the amounts at fair value. Acquisition costs are expensed to profit or loss.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management exercises judgement in estimating the probability and timing of when contingent payments are expected to be made and at what amounts, which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Non-controlling interest in the acquiree, if any, is recognized either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets, determined on an acquisition-by-acquisition basis. For each acquisition, the excess of total consideration over the fair value of previously held equity interest prior to obtaining control, and the non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill.

b. Asset Acquisitions

Acquisitions that do not meet the definition of a business combination are accounted for as an asset acquisition. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Goodwill is not recorded as a result of an asset acquisition.

(vii) Stock-Based Compensation, Compound Financial Instruments

In calculating the share-based compensation expense and the value of compound financial instruments, key estimates such as the rate of forfeiture of awards granted, the expected life of options, the volatility of the Company's stock price and the risk-free interest rate are used.

(viii) Income Tax

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(ix) Implementation of IFRS 16

The adoption of IFRS 16, Leases, required, as of January 1, 2019, the Company to assess its significant judgments and certain key estimates when apply the standard as noted below and in Note 5.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical judgements required in the application of IFRS 16 include the following:

- Identifying whether a contract or part of a contract includes a lease at inception of the contract. The Company's assessment includes the exercise of judgement about whether the contract depends on a specific asset, whether the Company obtains substantially all the economic benefits from the use of the asset, and whether the Company has the right to direct the use of the asset and non-lease components;
- Identifying lease components and allocating the consideration to each lease component on the basis of the relative stand-alone price of each lease component. The Company assesses each lease component for a right to use an underlying asset and, if necessary, determines the relative stand-alone price for each lease component based on current market prices;
- Determining whether it is reasonably certain that an extension, purchase or termination option will be exercised, on a lease by lease basis. The Company considers all facts and circumstances and examines whether there is an economic incentive or penalty affecting the decision to exercise an option; and
- Establishing whether there are multiple leases in an arrangement. The Company's assessment includes the exercise of judgement whether it has the right to control multiple assets within a contract.

Key sources of estimation uncertainty in the application of IFRS 16 include the following:

- Estimating the lease term. The Company determines the lease term as the non-cancellable period of the lease at the commencement date, adjusted for any purchase, renewal or termination options it deems reasonably certain to exercise;
- Determining the appropriate incremental borrowing rate specific to each leased asset. The Company establishes incremental borrowing rates used as discount factors in discounting payments reflecting the Company's borrowing rate, duration of lease term and credit spread; and
- Assessing whether a ROU asset is impaired if indicators are present.

Unanticipated changes in these judgements or estimates could affect the identification and determination of the fair value of lease liabilities and ROU assets at initial recognition, as well as the subsequent measurement of lease liabilities and ROU assets. Changes in the economic environment or changes in the cannabis and retail industry may impact management's assessment of lease terms, and any changes in Management's estimate of lease terms may have a material impact on the Company's statement of financial position and Statement of Operations and Comprehensive Loss. In addition, the Company's assessed incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment and cannabis industry and the Company's creditworthiness.

These items could potentially result in changes to amounts reported in the Consolidated Statements of Operations and Comprehensive Loss and Financial Position of the Company.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Pronouncements

IFRIC 23 - Uncertainty over Income Tax Treatments: IFRIC 23 was issued by IASB on June 7, 2017. The interpretation provides guidance on the accounting for current and deferred tax assets and liabilities in circumstances in which there is uncertainty over income tax treatments. IFRIC 23 requires the entity to contemplate whether uncertain tax treatments should be considered separately or as a group based on the predictability of the resolution. In addition, the entity should assess if the tax authority will accept uncertain tax treatments, and in the case where it is not probable, the interpretation requires the entity to reflect the uncertainty with disclosure of the most likely amount and the expected value of the income tax payable or recoverable. The interpretation is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The adoption of this standard on January 1, 2019 did not have any impact on the Company's financial statements.

IFRS 16 – Leases: In January 2016, the IASB issued IFRS 16, "Leases", which replaces IAS 17, "Leases" and related interpretations. The standard introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases with a term exceeding twelve months, unless the underlying asset is insignificant. A lessee is required to recognize a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company adopted the standard on January 1, 2019 using the modified retrospective method, which provides lessees a method for recording existing leases at adoption with no restatement of prior comparative periods.

The Company elected to apply the following recognition exemptions and practical expedients, as described under IFRS 16:

- Recognition exemption of short-term leases;
- Application of a single discount rate to a portfolio of leases with similar characteristics;
- Application of hindsight in determining the applicable lease term at the date of transition; and
- Election to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The majority of the Company's property leases, which were previously treated as operating leases, were impacted by IFRS 16. The adoption of IFRS 16 has resulted in:

- Higher non-current assets related to the initial recognition of the present value of the Company's unavoidable future lease payments as right-of-use assets under property and equipment, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the consolidated statement of financial position as of December 31, 2019;
- Higher current and non-current liabilities related to the concurrent recognition of lease liabilities, which are measured at the present value of the remaining fixed lease payments, discounted by our incremental borrowing rate of 25.0% as of December 31, 2019;
- Replacement of rent expense previously recorded in general and administrative expense with depreciation expense of these right-of-use assets and higher finance costs related to the accretion of interest expense of the corresponding lease liabilities; and
- Variable lease payments that do not depend on an index or rate and non-lease components are expensed as incurred.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The new standard does not change the amount of cash transferred between the lessor and lessee but impacts the presentation of the operating and financing cash flows by decreasing operating cash flows and increasing financing cash flows.

Adjustments to opening balances resulting from the initial adoption of IFRS 16, with the effects of transition being recognized directly to retained earnings is as follows:

	As Previously Reported <u>Under IAS 17</u>	IFRS 16 Transition <u>Adjustments</u>	As Reported <u>Under IFRS 16</u>
Property and Equipment, Net	\$ 21,078	\$ 380,956	\$ 402,034
Lease Liabilities	\$ -	\$ (380,956)	\$ (380,956)
Deferred Rent	\$ 6,339	\$ (6,339)	\$ -

A reconciliation of the operation lease commitments as of June 29, 2019 to the opening balance of the lease liabilities at the date of adoption is as follows:

Operating Lease Commitments as of December 31, 2018	\$ 684,278
Lease Liabilities Recognized as of January 1, 2019	-
Short-term Lease Payments Excluded	(42,000)
Effect of Discounting Using the Lessee's Incremental Borrowing Rate	<u>(261,322)</u>
Lease Liabilities Recognized as of January 1, 2019	<u>\$ 380,956</u>

As a result of adopting IFRS 16, the Company updated its lease accounting policies as follows:

The Company has real estate leases for retail stores, cultivation facilities, corporate offices, and equipment leases. At inception of a contract, the Company estimates whether the contract includes a lease. A contract contains a lease if it includes enforceable rights and obligations under which the right to control the use of an identified asset is conveyed for a period of time in exchange for consideration. The Company recognized a ROU asset and a lease liability at the commencement date – the date when the asset is available for use by the lessee.

The Company assesses at lease commencement whether it is reasonably certain to exercise extension or termination options. The Company reassesses its lease portfolio to determine whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The extension options which are considered reasonably certain to be exercised are mainly those for which operational decisions have been made which make the leased assets vital to the continued relevant business activities.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liabilities arising from a lease are initially measured at the present value of the lease payments that are not paid at that date discounted using the Company's incremental borrowing rate. Lease liabilities include the value of the following payments:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Penalties for early termination of the lease, if the lease term reflects the Company exercising an option to terminate the lease.

The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is decreased by cash paid less interest expense incurred. The lease liability is remeasured when there is a change in future lease payments, or if the Company changes its assessment of whether it will exercise an extension, purchase, or termination option. ROU assets are measured at cost and are comprised of the following:

- The amount of the initial measurement of lease liability;
- Lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- An estimate of costs of dismantling and removing the underlying asset, restoring the site on which it is located or the underlying asset, if applicable.

The ROU asset is depreciated on a straight-line basis from the commencement date to the end of the lease term. The depreciation expense on ROU assets replaces rent expense. The value of the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain revaluations of the lease liability.

NOTE 3. ACQUISITIONS AND MERGERS

BLUNT BROTHERS, IKANIK FARMS, AND CANNUS ACQUISITION

In August 2018, the Company entered into a Securities Exchange and Contribution Agreement in which Cannus Partners, Inc. acquired all of the outstanding shares of Blunt Brothers, Inc., Ikanik Farms, Inc. (a California corporation) and Cannus Inc (formally known as Cannus Partners Inc, a Nevada corporation), in exchange for 475,000 of the Company's Class A Compressed Shares. There was no cash consideration exchanged. As a result of the transaction, Blunt Brothers, Inc., Ikanik Farms, Inc. and Cannus Inc. became wholly owned subsidiaries of Cannus Partners, Inc.

The transaction was accounted for as an asset acquisition, as the acquisition did not meet the definition of a business in accordance with IFRS 3, Business Combinations. In an asset acquisition, consideration paid is allocated to the individual assets and liabilities assumed based on their relative fair value. Goodwill is not recorded as a result of an asset acquisition.

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NOTE 3. ACQUISITIONS AND MERGERS (CONTINUED)

THCA ACQUISITION

On March 11, 2019, the Company entered into an entered into a Stock Transfer Agreement (“STA”), as amended in April 2019, with the shareholders of THCA, Inc. (“THCA”), a California corporation, to exchange 40,884 Series A Compressed Shares for all 10,000 outstanding shares of THCA. THCA is a US company which plans to develop and license for cannabis cultivation and the wholesale distribution of cannabis. The acquisition would allow the Company to obtain a cannabis cultivation license and to distribute cannabis to licensed retail dispensaries. At the time of the acquisition, THCA had no operational business processes and only had a cannabis license and lease. Therefore, the Company accounted for this transaction as an asset acquisition.

The equity portion of the consideration is at a fair value per share price of \$12.00 as valued on March 11, 2019, with total equity consideration of \$493,000. No cash consideration was exchanged in connection with the Stock Transfer Agreement aside from the assumption of the promissory note which is discussed below.

The Company also assumed the lease of THCA’s facility in Sacramento, California, as well as an option to purchase the property which the Company intends to exercise. Ikanik also executed a promissory note in favor of Mikhail Bodnaruk (Shareholder of THCA) in the amount of \$400,000 to assume the debt associated with loans made by Mikhail Bodnaruk in support of the S. Watt Property and the business of THCA. The promissory note shall be repaid to Mikhail Bodnaruk in full within six months of the date of the S. Watt Permit Clearance, which is still pending as of the date of issuance of this report.

After acquiring and receiving the THCA Shares under this Agreement, and thereby becoming the sole shareholder of THCA, Ikanik shall provide to THCA in the form of required capital expenditures the sum of up to \$800,000, as part of its normal course of business and as required for purposes of funding the completion of the S. Watt Property build out as a permitted and complete indoor cultivation facility. See Note 14.

The Company assumed \$400,000 in liabilities in the form of a promissory note that was executed pursuant to the Stock Transfer Agreement as consideration for the transfer of the lease and option to purchase. Although the entire consideration was not yet funded as of the acquisition date or as of December 31, 2019, due to provisions contained in certain agreements related to the acquisition, the Company has the full decision-making power over THCA. According to IFRS 10.6, an investor controls an investee when it is exposed, or has rights, to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company has the right to direct all the relevant activities of THCA has economic interest in all returns through the agreements effecting the acquisition before the funding of entire the acquisition.

The acquisition-date fair value of the consideration transferred is as follows:

	March 11, 2019
Equity consideration	\$ 493,000
Assumption of promissory note	400,000
Total consideration	\$ 893,000

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NOTE 3. ACQUISITIONS AND MERGERS (CONTINUED)

The following table summarizes the amounts of estimated fair value of the assets acquired at the date of acquisition:

	March 11, 2019
Licenses	\$ 893,000
Right of use asset	1,195,904
Assets acquired	\$ 2,088,904
Lease liability assumed	(1,195,904)
Total consideration less liabilities assumed	\$ 893,000

HIGH END ACQUISITION

On August 6, 2019, the Company, entered into an entered into a Membership Interest Purchase Agreement (the “Agreement”) with High End, LLC (“High End”), a California corporation, to purchase 100% of the membership interests of High End for \$1.2 million.

High End is a US company with plans to secure a license for the retail sale of cannabis. The acquisition would allow the Company to obtain a cannabis license for the city of Palm Springs and an appropriate location for the build out of a retail cannabis dispensary. At the time of the acquisition, High End had no operational business processes and only had a cannabis license. Therefore, the Company accounted for this transaction as an asset acquisition.

In accordance with the agreement the purchaser shall deposit \$150,000 into escrow within 15 days of the agreement to act as a deposit. Once the sellers transfer 90% of the equity interests and certain releases are made, the escrow will be released to the sellers, less any transaction fees.

Additional escrow funds of \$300,000 shall be deposited into escrow by the Company within 7 days of the release of escrow, including an additional \$100,000 on the first of every subsequent month until the Certificate of Occupancy is issued by the City of Palm Springs to the buyer or until the full purchase price has been deposited. Based on dates specified with the Agreement, the buyer and seller shall meet to set closing on the remainder of the transaction and once the issuance of the Certificate of Occupancy has taken place, the sellers will then transfer the remaining 10% of equity interests. Upon that time any remaining deposits for the full purchase price will need to be transferred within 10 days of receiving the full equity interest. The Company expects this to occur in the first quarter of 2021.

Although the entire consideration was not yet funded as of the acquisition date or as of December 31, 2019, due to provisions contained in certain agreements related to the acquisition, the Company has the full decision-making power over High End. According to IFRS 10.6, an investor controls an investee when it is exposed, or has rights, to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company has the right to direct all the relevant activities of High End and has economic interest in all returns through the agreements effecting the acquisition before the funding of entire the acquisition.

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NOTE 3. ACQUISITIONS AND MERGERS (CONTINUED)

The acquisition-date fair value of the consideration transferred is as follows:

	August 6, 2019
Cash in escrow and cash consideration due	\$ 1,190,000

The following table summarizes the amounts of estimated fair value of the assets acquired at the date of acquisition:

	August 6, 2019
License	\$ 1,190,000
Right of use asset	56,295
Assets acquired	\$ 1,246,295
Lease liability assumed	\$ (56,295)
Total consideration less liabilities assumed	\$ 1,190,000

PIDEKA ACQUISITION

On August 21, 2019 the Company entered into an entered into a Stock Transfer Agreement (“STA”) with PIDEKA, S.A.S. (“PIDEKA”), a Colombian corporation, to exchange up to 33,333,333 shares of the Company’s Common Shares for all 10,000 outstanding shares of PIDEKA. The estimated issue price at the time of closing was \$0.59 per Ikanik share as valued on August 21, 2019. No cash consideration was exchanged in connection with the Stock Transfer Agreement.

PIDEKA is a Colombian company dedicated to the acquisition of properties to secure licenses for the cultivation and international sale of pharmaceutical grade cannabis. The acquisition would allow the Company to obtain cannabis licenses, and manufacturing certificates, to cultivate, manufacture and ship cannabis products to the international legal market. At the time of the acquisition, PIDEKA had already commenced operations and had business processes in place, in addition to the intangible assets that were acquired. Therefore, the Company accounted for this transaction as a business combination.

The issuance of the Company’s shares is agreed to occur after a series of conditions which the Company planned to undertake upon acquisition, including the delivery of contracts and licenses, the commencement of construction of a property in Colombia, and the delivery of a GMP certification.

Under the agreement, the Company has committed to providing an initial sum of up to \$6.7 million for capital expenditures. In the event that all of the conditions for issuance of the Company’s shares are not achieved within 18 months from the effective date, PIDEKA will relinquish their shares of the Company and will reimburse the Company for the capital expenditures funded, upon which the PIDEKA shares will be returned. If such a reimbursement does not occur, the Company retains the PIDEKA shares. The acquisition closed on the same date as the agreement. Since the closing, largely as a result of the COVID-19 pandemic, there have been delays in achieving these conditions such that the original period of 18 months has been mutually extended beyond the date of issuance of this report.

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NOTE 3. ACQUISITIONS AND MERGERS (CONTINUED)

Although the entire consideration was not yet funded as of the acquisition date or as of December 31, 2019, due to provisions contained in certain agreements related to the acquisition, the Company has the full decision-making power over PIDEKA. According to IFRS 10.6, an investor controls an investee when it is exposed, or has rights, to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company has the right to direct all the relevant activities of PIDEKA and has economic interest in all returns through the agreements effecting the acquisition before the funding of entire the acquisition. As a result, the Company has recorded the consideration as shares to be issued. Effective February 18, 2020, the Company issued the shares to PIDEKA. See Note 16.

The acquisition-date fair value of the consideration transferred is as follows:

	August 21, 2019
Equity consideration	\$ 19,664,020

The following table summarizes the amounts of estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

	At August 21, 2019
Cash and cash equivalents	\$ 975
Prepaid expenses and other current assets	6,109
Fixed assets, net	31
Other assets	231
Right of use assets	663,085
Market related intangible assets	1,600,000
Business license, cannabis licenses, and GMP Certificate	7,300,000
Assets acquired	\$ 9,570,431
Goodwill recognized	10,766,667
Lease liability assumed	(663,085)
Other liabilities assumed	(9,993)
Total consideration less liabilities assumed	\$ 19,664,020

Goodwill in the amount of \$10.8 million relates to potential synergy with the existing business and is equal to the difference between the fair value of net assets acquired in the business combination and the consideration paid. None of the goodwill recognized is expected to be deductible for income tax purposes.

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NOTE 3. ACQUISITIONS AND MERGERS (CONTINUED)

The results of PIDEKA's operations have been included in the Company's consolidated financial statements since that date. The amounts of PIDEKA's losses included in the consolidated statement of operations from the acquisition date to the period ended December 31, 2019 were approximately \$396,000. If the acquisition had occurred on January 1, 2019, management estimates that consolidated revenue and consolidated profit would have remained materially unchanged. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been materially unchanged if the acquisition had occurred on January 1, 2019.

For the aforementioned business combinations that took place in the calendar year 2019, the acquired tangible assets were valued at estimates of their current fair values. The valuation of acquired intangible assets consisting of the intangibles noted above were determined based on management's estimates and consultation with an independent appraiser. The multi-period excess earnings method was used in applying the income approach to determine the fair value of acquired intangible assets. Significant assumptions inherent in the valuation method for acquired intangible assets are employed and included, but are not limited to, prospective financial information, terminal value, and discount rates. When performing the multi-period excess earnings method for acquired intangible assets, the Company incorporates the use of projected financial information and a discount rate that are developed using market participant-based assumptions. The cash-flow projections are based on multi-year financial forecasts developed by management that include revenue projections, capital spending trends, and investment in working capital to support anticipated revenue growth, which are regularly reviewed by management. The selected discount rate considers the risk and nature of the comparative companies and the rates of return market participants would require to investing their capital in the Company.

CIVC ACQUISITION

In April 2019, the Company entered into a Business Combination Agreement with Canadian Imperial Venture Corporation ("CIVC"), a Canadian corporation, under which all outstanding Common Shares and Series A Compressed Shares will be exchanged through a three-cornered amalgamation for shares of CIVC. No cash consideration will be exchanged in connection with the Business Combination Agreement. The business combination is expected to be finalized in 2021.

The Company did not incur a significant amount in transaction costs in connection with all of the acquisitions, but any and all costs were expensed as incurred and will be included within the consolidated statement of operations for the year ended December 31, 2019.

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NOTE 4. PROPERTY & EQUIPMENT

As of December 31, 2019 and 2018, the Company's property & equipment were as follows:

	<u>Software & Hardware</u>	<u>Furniture & Equipment</u>	<u>Improvements</u>	<u>Vehicles</u>	<u>Total</u>
Cost					
Balance at December 31, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	21,680	-	-	-	21,680
Balance at December 31, 2018	21,680	-	-	-	21,680
Additions	166,276	218,885	2,340,019	308,466	3,033,646
Balance at December 31, 2019	187,956	218,885	2,340,019	308,466	3,055,326
Less: Accumulated depreciation & amortization					
Balance at December 31, 2017	-	-	-	-	-
Depreciation	602	-	-	-	602
Balance at December 31, 2018	602	-	-	-	602
Depreciation	19,926	16,070	19,839	36,057	91,892
Balance at December 31, 2019	20,528	16,070	19,839	36,057	92,494
Net book value					
Balance at December 31, 2018	\$ 21,078	\$ -	\$ -	\$ -	\$ 21,078
Balance at December 31, 2019	\$ 167,428	\$ 202,815	\$ 2,320,180	\$ 272,408	\$ 2,962,831

As of December 31, 2019 and 2018, the Company's right-of-use assets were as follows:

	<u>Right-of- use assets</u>
Cost	
Balance at December 31, 2018	\$ -
Adoption of IFRS 16	380,957
Additions	8,144,116
Dispositions	(380,957)
Balance at December 31, 2019	8,144,116
Less: Accumulated depreciation & amortization	
Balance at December 31, 2018	-
Depreciation	1,638,420
Dispositions	(81,634)
Balance at December 31, 2019	1,556,786
Net book value	
Balance at December 31, 2018	\$ -
Balance at December 31, 2019	\$ 6,587,330

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NOTE 5. LEASE LIABILITIES

A reconciliation of the beginning and ending balance of lease liabilities for the year ended December 31, 2019 is as follows:

Balance as of December 31, 2018	\$ -
Adoption of IFRS 16	380,956
Lease Additions	8,144,116
Interest Expense	176,364
Termination of Leases	(262,810)
Payments of Principal and Interest	<u>(2,441,355)</u>
Balance as of December 31, 2019	5,997,271
Less: Current Portion of Lease Liabilities	(2,081,877)
Lease Liabilities, Net of Current Portion	<u><u>\$ 3,915,394</u></u>

The Company has real estate leases for retail stores, cultivation facilities, corporate offices, and equipment leases. The Company's lease terms range from 12 months to 10 years. Certain leases permit renewal options ranging from 12 months to 5 years. Two of the Company's leases include purchase options which the Company intends to exercise. Certain lease agreements include monthly lease payments that increase annually at various rates up to 4.0%, which are included in the determination of the present value of total lease payments. Certain lease agreements are payable in a currency other than the Company's functional currency. The lease liability for these leases at December 31, 2019 has been adjusted based on the prevailing currency exchange rate as of that date. None of the Company's leases include an inherent borrowing rate and, as such, the Company's incremental borrowing rate of 25% per year has been applied in discounting future lease payments to their present values.

As of December 31, 2019, maturities of lease liabilities were as follows:

<u>Year Ended December 31,</u>	
2020	\$ 2,843,131
2021	4,717,948
2022	1,044,504
2023	1,036,544
2024	800,508
Thereafter	<u>457,837</u>
Total lease payments	10,900,472
Less: Interest	<u>(4,903,201)</u>
Present value of lease liabilities	5,997,271
Less: short-term lease liabilities	<u>(2,081,877)</u>
Present value of long-term lease liabilities	<u><u>\$ 3,915,394</u></u>

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NOTE 6. GOODWILL AND INTANGIBLES

As of December 31, 2019 and 2018, the Company's goodwill and intangible assets were as follows:

	Goodwill	Licenses	Market related	Total
<u>Cost</u>				
Balance as of December 31, 2018 and 2017	\$ -	\$ -	\$ -	\$ -
Additions from business combinations (Note 3)	10,766,667	9,383,000	1,600,000	21,749,667
Balance as of December 31, 2019	<u>10,766,667</u>	<u>9,383,000</u>	<u>1,600,000</u>	<u>21,749,667</u>
<u>Less: Accumulated Amortization</u>				
Balance as of December 31, 2018	-	-	-	-
Impairment charge	-	508,000	-	508,000
Amortization charge	-	-	93,333	93,333
Balance as of December 31, 2019	<u>-</u>	<u>508,000</u>	<u>93,333</u>	<u>601,333</u>
<u>Net book value</u>				
As of December 31, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
As of December 31, 2019	<u>\$ 10,766,667</u>	<u>\$ 8,875,000</u>	<u>\$ 1,506,667</u>	<u>\$ 21,148,334</u>

As of December 31, 2019, the goodwill and intangible assets with indefinite useful lives are allocated to the specific CGU within Ikanik Farms, Inc. The Company tests its goodwill and the intangible assets with an indefinite useful life annually. An analysis and movement of the net book value of goodwill and indefinite life intangibles acquired through business combinations, was completed as of December 31, 2019.

Goodwill and intangible assets with indefinite useful life

As of December 31, 2019, the carrying amount of goodwill and intangible assets with an indefinite useful life (licenses) is \$10,766,667 and \$8,875,000, respectively. Intangible assets with an indefinite useful life were recorded by the Company at the date of acquisition of THCA, PIDEKA, and High End.

Management performed their impairment analysis on goodwill estimating the recoverable amount as fair value less costs of disposal on the basis of the value of the Company's invested capital. The carrying value of the Company's CGU was less than the FVLTS and therefore, no impairment for goodwill was recognized. For the purpose of the impairment test of the intangible assets with an indefinite useful life, the Company estimated the recoverable amounts of the asset as fair value less costs of disposal on the basis of comparative method and cost approach. Under the valuation using the comparative method the Company considered identical third-party's transactions for acquisition of licenses identical to the Company's. Under the valuation using the cost approach the Company considered outflows required to meet the requirements for a minimum amount of equity to be held by the organization with licenses similar to the Company's. For the year ended December 31, 2019 as part of the annual impairment assessment, the Company recognized a total impairment loss of \$508,000 related to the license intangible assets acquired in the THCA and High End acquisitions as the assessed fair value of these licenses was below their recorded value.

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NOTE 7. DEBT

Notes Payable

During the year ended December 31, 2019, the Company entered into seven loans for the purchase of vehicles. The loans have terms of either five or six years, incur annual interest ranging from 5.26% to 9.10%, and have monthly repayments ranging from \$326 to \$1,426.

Future annual maturities on the loans as of December 31, 2019 are as follows:

Year Ended December 31,	
2020	\$ 41,926
2021	45,410
2022	49,193
2023	53,303
2024	29,414
Thereafter	13,355
	\$ 232,602

Due to Sellers

In March 2019, the Company issued a \$400,000 promissory note with a THCA shareholder that incurs interest at 2% per year. The note includes monthly payments of \$10,000 beginning upon the delivery of THCA's conditional use permit to authorize cannabis cultivation, manufacturing, and distribution. Upon the sixth such monthly payment the outstanding balance and all accrued interest become immediately due and payable in full. As of December 31, 2019, the outstanding balance remained at \$400,000.

In connection with the acquisition of High End, LLC, a portion of the amount due to the sellers of \$1,190,000 remains outstanding as of December 31, 2019. The Company made repayments totaling \$750,000 through December 31, 2019, leaving a remaining balance of \$440,000. This balance is non-interest bearing and negotiations on the remaining repayment terms are ongoing.

See Note 3 for additional information on these acquisitions.

Convertible Debentures

In connection with the Subscription Agreement for Debenture Units (the "Debenture Agreement"), the Company closed a \$13,139,000 round of convertible debenture funding (in May 2019). The Debenture Agreement states the debentures incur interest at 6% per year and mature two years from the date of issuance. Each \$1,000 debenture unit includes a debenture convertible into either Common Shares or Series A Compressed Shares at the applicable conversion price (\$0.61 for Common Shares and \$61.00 for Series A Compressed Shares) and warrants for the purchase of 820 Common Shares at \$0.79 per share or 8.2 Series A Compressed Shares at \$79.00 per share. The warrants shall be exercisable for 24 months from the issuance date or, upon the completion of a Liquidation Event, the warrants will remain exercisable for another 24 months.

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NOTE 7. DEBT (CONTINUED)

The debentures automatically convert upon the occurrence of a Liquidation Event and if no such event occurs within one year from the date of issuance, additional debenture units, including both debentures and warrants, representing 10% of the investors' initial investment will be issued for no additional consideration (the "Penalty"). If and when the Liquidation Event occurs, the warrants will immediately be subject to a Warrant Acceleration Right ("Acceleration Rights"). This right is exercisable by the Company at its option if the daily volume weighted average price of the Company's common stock is greater than \$1.22 per share for the preceding ten consecutive trading days. If the Acceleration Right becomes available, the new expiration date of the warrants shall be 30 days following the notice of the Company's exercise.

There were four features across which the allocation of the debt proceeds was applied on initial recognition: the host debt, conversion feature, warrants, and the Penalty. The host debt was valued using the effective interest method with the Company's incremental borrowing rate for such debt instruments of 30% as the discount rate. This resulted in the allocation of proceeds of \$8,791,025. The Company also incurred \$994,345 in debt issuance costs, which have been apportioned based on the respective value of the features of the convertible debenture. Total debt acquisition costs apportions to the host debt were \$665,295, resulting in the initial carrying amount of the host debt of \$8,125,730.

The conversion feature embedded in the host debt meets the fixed for fixed requirements to be classified as equity. The conversion feature was allocated proceeds at issuance totaling \$3,437,116, which was valued using the Black-Scholes option pricing model. This feature was apportioned \$260,117 in debt acquisition costs, resulting in an initial allocation for the conversion feature of \$3,176,998. The warrants issued in connection with the debentures meet the fixed for fixed requirements and were classified as equity. The warrants were allocated proceeds at issuance totaling \$8,365, which was valued using a barrier option pricing model. This feature was apportioned \$633 in debt acquisition costs, resulting in an initial allocation for the warrant feature of \$7,732. The conversion feature and warrants have been recorded in contributed surplus and debt discount as of the date of issuance.

The Company recorded a derivative liability of \$902,494 at the issuance date for the Penalty. The derivative was recorded at fair value which was based on 10% of the value of the other three features. The collective value of these inputs was adjusted based on the expected probability that the Penalty consideration would be issued. This feature was apportioned \$68,300 in debt acquisition costs, which were expensed immediately. As of December 31, 2019, the value of the Penalty using the same inputs with updated assumptions as of that date was determined to have increased to \$1,105,671, an increase of \$203,177 which has been recorded to other expense in the accompanying consolidated statement of operations. In May 2020, the Penalty debentures and warrants were issued as the Company was not yet publicly trading.

See Note 11 for additional information regarding the valuation of the identified features of the convertible debentures.

Interest recorded under the effective interest method through December 31, 2019 totaled \$1,832,379, which includes the \$68,300 of debt acquisition costs apportioned to the derivative liability that was expensed immediately.

As of December 31, 2019, the balance of the debenture liability was \$9,889,809 which was net of debt discount of \$3,249,191.

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NOTE 8. SHARE CAPITAL

Authorized

Share capital consists of an unlimited number of Common Shares and an unlimited number of Series A Compressed Shares, both with no par value. Issued shares are fully paid. Each Series A Compressed Share is convertible into 100 common shares. Also, the Series A Compressed Shares have the same liquidation and dividend rights as the Common Shares into which they can convert.

Issued

The Company was founded with the issuance of 2,500,000 Common Shares in exchange for \$250 Canadian Dollars (\$205 USD at April 25, 2018).

On August 9, 2018, the Company issued 475,000 Class A Compressed Shares in connection with the Securities Exchange and Contribution Agreement noted above.

On August 31, 2018 and September 28, 2018, the Company closed a private placement financing in two tranches in which it issued 106,206.35 units for gross proceeds of \$2,497,572 USD (received as \$2,735,148 Canadian dollars and \$350,000 US dollars). Each unit consisted of one Series A Compressed Share and one-quarter warrant. Each whole warrant is exercisable at \$30.00 Canadian dollars per share (\$21.84 USD per share at December 31, 2018) for a period of 36 months from the date of issuance. A total of 89,479.35 Series A Compressed Shares were exchanged for 8,947,935 Common Shares, leaving 16,727 Series A Compressed Shares from this issuance outstanding at December 31, 2019 and 2018, respectively.

In March 2019, the Company entered into a Stock Transfer Agreement with the shareholders of THCA to exchange 40,884 Series A Compressed Shares for all outstanding shares of THCA. No cash consideration was exchanged in connection with the Stock Transfer Agreement.

In September 2019 the Company entered into a Stock Exchange Agreement with PIDEKA to exchange up to 33,333,333 shares of the Company's Common Shares for all outstanding shares of PIDEKA. The issuance of the Company's shares is agreed to occur after the completion of a series of conditions which the Company planned to undertake upon acquisition, including the delivery of contracts and licenses, the commencement of construction of a property in Colombia, and the delivery of a GMP certification. As such, these shares were not issued until February 2020 and a balance of \$19,664,020 was recorded as shares to be issued as of December 31, 2019.

In November 2019, the Company issued 833,334 shares of the Company's common stock in exchange for \$1,000,000.

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NOTE 8. SHARE CAPITAL (CONTINUED)

Warrants

The following is a summary of the Company's warrant activity for the year ended December 31, 2019 and for the period from inception through December 31, 2018:

	Number of Warrants - Series A Compressed Shares	Number of Warrants - Common Shares	Number of Warrants - Total	Weighted- Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance, April 25, 2018	-	-	-	\$ -	-	\$ -
Granted	26,552	-	26,552	21.84	2.7	-
Exercised	-	-	-	-	-	-
Cancelled	-	-	-	-	-	-
Balance, December 31, 2018	26,552	-	26,552	21.84	2.7	-
Granted	2,665	12,000,890	12,003,555	0.81	4.3	-
Exercised	-	-	-	-	-	-
Cancelled	-	-	-	-	-	-
Balance, December 31, 2019	29,217	12,000,890	12,030,107	\$ 0.86	4.3	\$ 1,403,396
Exercisable and vested, December 31, 2019	26,552	-	26,552	\$ 23.14	1.7	\$ 1,403,396
December 31, 2018	26,552	-	26,552	\$ 21.84	2.7	\$ -

There were no warrant exercises during the years ended December 31, 2019 or 2018. See Note 11 for information about valuation of all issued warrants.

Stock Option Plan

During 2019, the Company issued stock options to purchase a total of 50,250 of the Company's Series A Compressed Shares and 2,850,000 of the Company's common shares. All of the stock options were classified as incentive stock options and granted to the Company's employees and vested immediately upon issuance. The following table summarizes the Company's stock option activity for the year ended December 31, 2019:

	Number of Options - Series A Compressed Shares	Number of Options - Common Shares	Number of Options - Total	Weighted- Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance, December 31, 2018	-	-	-	\$ -	-	\$ -
Granted	50,250	2,850,000	2,900,250	0.42	10.0	-
Exercised	-	-	-	-	-	-
Cancelled	-	-	-	-	-	-
Balance, December 31, 2019	50,250	2,850,000	2,900,250	\$ 0.42	9.2	\$ 737,255
Exercisable and vested, December 31, 2019	50,250	2,850,000	2,900,250	\$ 0.42	9.2	\$ -

The Company uses the fair value method in recognizing stock-based compensation expense. Under the fair value method, the fair value of each stock option award was estimated on the grant date using the Black-Scholes option pricing model utilizing the assumptions noted below for each issuance.

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NOTE 8. SHARE CAPITAL (CONTINUED)

In April 2019, the Company issued a total of 31,000 options to purchase the Company’s Series A Compressed Shares and 2,500,000 common shares. The options are exercisable in Canadian dollars (\$30.00 CAD for Series A Compressed Shares and \$0.30 CAD for common shares, which converts to \$23.14 USD and \$0.23 USD, respectively, at December 31, 2019). Upon issuance, the options were determined using the Black-Scholes option pricing model to have a fair value of \$580,789, which was recorded as stock-based compensation. The following assumptions were used in determining the fair value of these options:

Fair Value Assumptions	
Risk-free interest rate	2.50%
Expected term (in years)	5
Expected volatility	120%
Dividend yield	0%
Fair value per share	\$0.10

In November 2019, the remaining options to purchase 19,250 of the Company’s Series A Compressed Shares and 350,000 of the Company’s common shares were issued. They are exercisable in US dollars for \$70.00 to \$80,00 per Series A Compressed Share and \$0.70 per common share. Upon issuance, the options were determined using the Black-Scholes option pricing model to have a fair value of \$1,021.958 which was recorded as stock-based compensation. The following assumptions were used in determining the fair value of these options:

Fair Value Assumptions	
Risk-free interest rate	1.60%
Expected term (in years)	5
Expected volatility	84%
Dividend yield	0%
Average grant date fair value per share	\$0.45

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that options issued are expected to be outstanding. The risk-free rate was based on U.S. Treasury bills with a remaining term equal to the expected life of the warrants. The fair value per share was determined by an actuarial calculation of value performed by a third party.

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NOTE 9. LOSS PER SHARE

The following table sets out the computation for basic and diluted loss per share:

	Year Ended December 31, 2019	Period of Inception (April 25, 2018) through December 31, 2018
Net loss attributable to common shareholders basic and diluted	\$ (12,890,347)	\$ (475,734)
Weighted average number of common shares outstanding basic and diluted	63,987,744	23,873,649
Basic and diluted loss per share	\$ (0.20)	\$ (0.02)

Diluted loss per share is the same as basic loss per share as the issuance of shares on the exercise of convertible debentures, warrants and share options is anti-dilutive.

NOTE 10. CAPITAL MANAGEMENT

The Company's capital is composed of share capital, reserves and deficit. The Company manages its capital within the following objectives:

- (a) to ensure that there is sufficient financial flexibility to achieve the ongoing business objectives; and
- (b) to maximize shareholder return through enhancing shareholder value.

Management periodically reviews its capital management approach and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management for the years ended December 31, 2019 and 2018. The Company is not subject to externally imposed capital requirements.

NOTE 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments are held at amortized cost (adjustment for impairments or expected credit losses, as applicable) or FVTPL. The carrying values of financial instruments held at amortized cost approximate their fair values as of December 31, 2019 and 2018 due to their nature and relatively short maturity date. Financial assets and liabilities with embedded derivative features are carried as FVTPL.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to the fair value measurements. The three levels of hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

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NOTE 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Unless otherwise noted, the Company considers all financial instruments classified as FVTPL to be level 1 investments.

There have been no transfers between fair value levels valuing these assets during the year.

The following table summarized the Company's financial instruments as of December 31, 2019 and 2018:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,678,800	\$ 1,802,642
Accounts receivable	85,218	-
Related party receivable	145,283	-
Deposits on property and equipment	1,590,514	179,962
Other Assets	150,661	39,000
Financial Liabilities:		
Accounts payable and accrued expenses	\$ 971,651	\$ 43,302
Due to shareholder	-	46,270
Due to seller	840,000	-
Notes payable	232,602	-
Derivative liability	1,105,671	-
Warrant liability	1,423,766	278,763
Convertible debentures	9,889,809	-

(a) Convertible Debentures and Derivative Liability

As noted above, in May 2019 the Company issued convertible debenture units for gross proceeds of \$13,139,000, and incurred debt issuance costs of \$994,345, resulting in net proceeds of \$12,144,655. The debentures have a stated interest rate of 6% per year and mature two years from the date of issuance. Each \$1,000 debenture unit includes a debenture convertible into either Common Shares or Series A Compressed Shares with a conversion price of \$0.61 or \$61.00, respectively, and warrants for the purchase of 820 Common Shares at \$0.79 per share or 820 Series A Compressed Shares at \$79.00 per share. The debentures automatically convert upon the occurrence of a liquidity event, defined as an initial public offering or a merger or reverse take-over resulting in the Company being listed on a recognized Canadian stock exchange. If no such event occurs within one year from the date of issuance, additional debenture units representing 10% of the investors' initial investment will be issued for no additional consideration. The warrants issued in connection with the debentures also include a vesting acceleration trigger in the event that, following a liquidity event, the Company's Common Shares have a 10-day volume-weighted average price on a recognized stock exchange that is greater than \$1.22 per Common Share, which entitles the Company to accelerate the exercise period of the warrants to a minimum of 21 days from that date.

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NOTE 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

There were four features across which the allocation of the debt proceeds was applied on initial recognition: the host debt, conversion feature, warrants, and the Penalty. The host debt was valued using the effective interest method with the Company's incremental borrowing rate for such debt instruments of 26% as the discount rate. This resulted in the allocation of proceeds of \$8,791,025. The conversion feature was allocated proceeds at issuance totaling \$3,437,116, which was valued using the Black-Scholes option pricing model utilizing the following assumptions:

Fair Value Assumptions	Common	Series A Compressed
Risk-free interest rate	2.31%	2.31%
Expected term (in years)	2	2
Expected volatility	84%	84%
Dividend yield	0%	0%
Fair value per share	\$0.58	\$0.58

The warrants issued in connection with the debentures were allocated proceeds at issuance totaling \$8,365, which was valued using a barrier option pricing model utilizing the same assumptions as were used in valuing the conversion feature, plus the barrier price of \$1.22 per Common Share.

In conjunction with the issuance of convertible debentures, the Company recorded a derivative liability of \$902,494 at the issuance date for the Penalty. The derivative was valued at 10% of the value of the other three features. The collective value of these inputs was adjusted based on the expected probability that the Penalty consideration would be issued. As of December 31, 2019, the value of the Penalty using the same inputs with updated assumptions as of that date was determined to have increased to \$1,105,671, an increase of \$203,177 which has been recorded to other expense in the accompanying consolidated statement of operations. The following are the assumptions used at December 31, 2019:

Fair Value Assumptions	Common	Series A Compressed
Risk-free interest rate	1.60%	1.60%
Expected term (in years)	1.4	1.4
Expected volatility	82%	82%
Dividend yield	0%	0%
Fair value per share	\$0.74	\$74.00

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that warrants issued are expected to be outstanding. The risk-free rate was based on U.S. Treasury bills with a remaining term equal to the expected life of the warrants. The fair value per share was determined by an actuarial calculation of value performed by a third party. As of December 31, 2019, warrants outstanding have a weighted-average remaining contractual life of 1.4 years.

In May 2020, the Penalty debentures and warrants were issued as the Company was not yet publicly trading.

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NOTE 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Warrant Liability

In connection with the private placement noted above, the Company issued warrants to purchase 26,551.59 Series A Compressed Shares, with a fair value of \$11.97 per warrant upon issuance at August 31, 2018 and September 28, 2018. The warrants are exercisable for a period of 36 months from the date of issuance at an exercise price of \$30.00 Canadian dollars per share (\$23.14 USD per share at December 31, 2019). As the warrants are exercisable in Canadian dollars and the Company's functional currency is US dollars, the fair value as stated in US dollars is subject to exchange rate fluctuations and has been classified as a liability. Upon issuance, the 2018 warrants were determined to have a fair value of \$317,786. All 2018 warrants outstanding were determined to have a fair value of \$1,423,766 (\$69.51 per warrant) and \$278,763 (\$10.50 per warrant) at December 31, 2019 and 2018, respectively. The changes in fair value from issuance through December 31, 2019 and 2018 of and increase of \$1,145,003 and a decrease of \$39,022, respectively, have been recorded in other expense and other income, respectively, in the accompanying consolidated statement of operations and comprehensive loss. The fair value of the warrants exercisable for the Company's Series A Compressed Shares was determined using the Black-Scholes option pricing model with the following assumptions:

Fair Value Assumptions	August 31, 2018	December 31, 2018	December 31, 2019
Risk-free interest rate	2.47%	2.47%	1.60%
Expected term (in years)	3	2.7	1.7
Expected volatility	95%	95%	82%
Dividend yield	0%	0%	0%
Fair value per share	\$20.75	\$19.09	\$73.50

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that warrants issued are expected to be outstanding. The risk-free rate was based on U.S. Treasury bills with a remaining term equal to the expected life of the warrants. The fair value per share was determined by an actuarial calculation of value performed by a third party. As of December 31, 2019 and 2018, warrants outstanding have a weighted-average remaining contractual life of 1.7 and 2.7 years, respectively.

Ikänik Farms, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial Risk Management

The Company's financial risk exposures and the impact on the Company's financial instruments are as follows:

- (a) Credit risk: Credit risk is the risk of potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2019 and 2018 is the carrying amount of cash and accounts receivable. The Company does not have significant credit risk with respect to its customer, based on the continued economic strength of the U.S., strength of the U.S. capital markets, and the low interest rate environment. Although all deposited cash is placed with U.S. financial institutions in good standing with regulatory authorities, changes in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry have passed the House of Representatives, but has not yet been voted on within the Senate. Given that the U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry.

As of December 31, 2019 and 2018 the Company's aging of accounts receivable was as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
0 to 60 days	85,213	-
61 to 120 days	5	-
120 days +	-	-
Total accounts receivable	<u>85,218</u>	<u>-</u>

The Company did not have any outstanding accounts receivable at December 31, 2018. The Company has not recorded any bad debt expense during the years ended December 31, 2019 or 2018.

- (b) Asset forfeiture risk: Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.
- (c) Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of December 31, 2019 and 2018, the Company has working capital deficit of \$23,300,468 and positive working capital of \$1,470,557, respectively. At December 31, 2019 and 2018, the Company had a cash balance of \$1,678,800 and \$1,802,642, respectively, to settle current financial liabilities of \$26,128,911 and \$368,335, respectively. The Company will continue to raise capital as needed to fund operations and expansion. The maturity analysis for lease obligations is located in Note 5. The maturity analysis for notes payable and convertible debentures are located in Note 7. All other financial liabilities have contractual maturities of less than one year.

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NOTE 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

- (d) Market risk
- (i) Currency risk: The operating results and financial position of the Company are reported in U.S. dollars. As of December 31, 2019 and 2018, the Company's financial assets and liabilities are denominated primarily in U.S. dollars. However, from time to time, some of the Company's financial transactions are denominated in currencies other than the U.S. dollar. The Company also acquired PIDEKA during the year ended December 31, 2019, which transacts in the Colombia peso. Accordingly, the results of the Company's operations are subject to currency transaction and translation risks. As of December 31, 2019 and 2018, the Company had no hedging agreements in place with respect to foreign currency exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.
- (ii) Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company calculates an incremental borrowing rate to use in the valuation of its financial instruments.
- (c) International risk: The Company's operations in Columbia, as well as any additional countries in which the Company may begin operations in the future, exposes the Company to foreign laws, varying methods of legal enforcement, and potential political instability. The Company manages this risk by attempting to understand the operating environment in foreign countries.

NOTE 12. INCOME TAXES

The Company's provision for income taxes for the year ended December 31, 2019 and for the period from inception through December 31, 2018 is as follows:

	2019	2018
Current:		
Federal	\$ -	\$ -
State	800	800
Total current	800	800
Deferred:		
Federal	-	-
State	-	-
Total deferred	-	-
Total provision for income taxes	\$ 800	\$ 800

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NOTE 12. INCOME TAXES (CONTINUED)

The reconciliation of the federal statutory rate to the effective tax rate is as follows for the year ended December 31, 2019 and for the period from inception through December 31, 2018:

	<u>2019</u>	<u>2018</u>
Expected provision at statutory federal rate	21.0 %	21.0 %
State tax	7.8	8.6
Permanent non-deductible items	(20.9)	(21.0)
Increase in valuation allowance	<u>(7.9)</u>	<u>(8.8)</u>
Effective tax rate	(0.0) %	(0.2) %

The principal components of deferred tax assets and liabilities are as follows as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Deferred tax assets:		
Net operating loss carryforwards	<u>\$ 1,050,645</u>	<u>\$ 35,744</u>
Total deferred tax asset	<u>1,050,645</u>	<u>35,744</u>
Deferred tax liabilities:		
Property and equipment	<u>-</u>	<u>-</u>
Total deferred tax asset	<u>-</u>	<u>-</u>
Total deferred taxes	1,050,645	35,744
Valuation allowance	<u>(1,050,645)</u>	<u>(35,744)</u>
Net deferred taxes	<u>\$ -</u>	<u>\$ -</u>

Deferred income taxes reflect the net effects of temporary differences between the amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The realization of deferred tax assets may be dependent on the Company's ability to generate sufficient income in future years in the associated jurisdiction to which the deferred tax asset relates. As of December 31, 2019 and 2018, the Company recorded a valuation allowance of \$1,050,645 and \$35,744, respectively, against the deferred tax asset balance as realization is uncertain.

On December 22, 2017, the U.S. enacted the "Tax Cuts and Jobs Act" ("Tax Act"), which lowered the U.S. statutory tax rate from 35% to 21% effective January 1, 2018. Consequently, the Company applied a U.S. statutory federal income tax rate of 21% for the years ended December 31, 2019 and 2018.

The Company recognizes interest and penalties related to unrecognized tax benefits in operating expenses. No such interest and penalties were recognized during the years ended December 31, 2019 and 2018.

Ikänik Farms, Inc. and Subsidiaries
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NOTE 12. INCOME TAXES (CONTINUED)

As of December 31, 2019, the Company had a federal net operating loss carryforward of \$88,287. As of December 31, 2019 and 2018, the Company had California state net operating loss carryforwards of \$11,675,396 and \$404,346, respectively, which begin to expire in 2039 and are subject to certain limitations. Under IRC 382, if a corporation undergoes an ownership change, the corporation's ability to use its pre-change net operating loss carryforwards to offset its post-change income may be limited. The Company has not completed a study to assess whether an ownership change has occurred and future changes in the Company's stock ownership or future equity offerings or acquisitions that have equity as a component of the purchase price could result in an ownership change. If an ownership change has occurred or does occur in the future, utilization of the net operating loss carryforwards may be limited.

As the Company operates in the legal cannabis industry, the Company is subject to the limits of IRC Section 280E for U.S. Federal income tax purposes under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent difference between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. However, the State of California does not conform to IRC Section 280E and, accordingly, the Company deducts all operating expenses on its California Franchise Tax Returns.

NOTE 13. RELATED PARTIES

The Company's key management personnel have the authority and responsibility for planning, directing, and controlling the activities of the Company and consists of the Company's executive management team and management directors. Other than the lease arrangements described below for the year ended December 31, 2019, there were no material transactions with or changes to other related party balances as of December 31, 2019. Key management personnel compensation and other related party expenses for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Management compensation	\$ 240,953	\$ -
Stock compensation expense	596,048	-

At December 31, 2018, the Company accrued for a balance of \$46,270 due to a shareholder for reimbursable company expenses that were paid on the Company's behalf. This balance was repaid during the year ended December 31, 2019.

The Company acquired \$23,292 and \$21,680, respectively, in property and equipment during the years ended December 31, 2019 and 2018 and also incurred \$536,839 and \$56,431, respectively, in consulting fees from a related party owned by a shareholder during the same periods. During the year ended December 31, 2019 the Company advanced \$145,283 to this related party, which remained outstanding at year end. The advance is non-interest bearing and due on demand.

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NOTE 14. COMMITMENTS AND CONTINGENCIES

Commitments

In connection with the Company's THCA and PIDEKA acquisitions, the Company agreed to certain capital expenditure commitments. For THCA, the Company agreed to a capital expenditure commitment of \$800,000, of which none had been spent as of December 31, 2019. For PIDEKA, the Company agreed to a capital expenditure commitment of \$6,700,000, of which \$1,560,443 has been spent and is included in deposits on property and equipment as of December 31, 2019, leaving a remaining commitment balance of \$5,139,557.

Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management believes that the Company is in compliance with applicable local and state regulations as of December 31, 2019 and 2018, medical and recreational marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

Litigation

The Company is subject to certain claims and legal matters that arise in the normal course of business, though no such claims or legal matters are outstanding. Management does not expect any such claims and legal actions to have a material adverse effect on the Company's financial position, results of operations or liquidity.

NOTE 15. SEGMENT INFORMATION

The Company operates in one segment, the cultivation, production, and sale of cannabis. While the majority of the Company's property and equipment and operations are located in the United States, the Company's operations from the PIDEKA acquisition are located in Columbia. As of December 31, 2019, property and equipment of approximately \$22,000 were located in Colombia and the Company's operations in Columbia generated approximately \$396,000 of the Company's net loss for the year ended December 31, 2019.

NOTE 16. SUBSEQUENT EVENTS

Management has evaluated subsequent events that have occurred through the date of the independent auditor's report, which is the date that the financial statements were available to be issued, and determined that there were no subsequent events that required recognition or disclosure in the financial statements as of and for the year ended December 31, 2019, except as disclosed below.

On February 18, 2020, the Company completed a Stock Transfer Agreement with the prior shareholders of PIDEKA to transfer all of the issued and outstanding shares of PIDEKA to Ikänik Farms in exchange for an aggregate of 33,333,333 Ikänik Farms Common Shares.

On February 24, 2020, the Company completed a non-brokered private placement of 1,897,429 Ikänik Farms Common Shares at a price of \$1.20 USD per Ikänik Farms Common Share for aggregate gross proceeds of \$2,276,913.

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NOTE 15. SUBSEQUENT EVENTS (CONTINUED)

On April 21, 2020, the Company completed a non-brokered private placement of 11,250 Ikänik Farms Series A Share units at a price of \$40.00 USD per Ikänik Farms Series A Share unit for a gross proceeds of \$450,000. Each Ikänik Farms Series A Share unit was comprised of one Ikänik Farms Series A Share and one Ikänik Farms Series A Share Warrant, with each whole warrant exercisable into one Ikänik Farms Series A Share at \$60.00 expiring April 21, 2022.

On June 23, 2020, the Company completed a private placement of 100 Ikänik Farms 2020 Convertible Debentures at a price of \$1,000 USD per unit for aggregate gross proceeds of approximately \$100,000 USD. Immediately prior to the completion of the Reverse Take-Over, each Ikänik Farms 2020 Convertible Debenture converted into that number of units (the "Ikänik Farms Units") as is equal to the principal amount of the Ikänik Farms 2020 Convertible Debenture (plus any interest accrued thereon) divided by the Conversion Price. Each Ikänik Farms Unit consisted of one Ikänik Farms Common Share and one Ikänik Farms Common Share Warrant, with each such Ikänik Farms Common Share Warrant entitling the holder to exercise it for one Ikänik Farms Common Share at a price that is equal to 1.3 times the Conversion Price for a period of two years from the date of issuance.

On June 23, 2020, the Company entered into a Stock Transfer Agreement with the prior shareholders of D9C Mexico S.A. De C.V. ("D9C") to transfer all of the issued and outstanding shares of D9C to Ikänik Farms in exchange for an aggregate of 10,000,000 Ikänik Farms Common Shares at a price of \$0.40 per share. The 10,000,000 Ikänik Farms Common Shares are to be issued upon the completion of the D9C completing certain conditions but will be held in escrow.

On September 18, 2020, the Company completed a non-brokered private placement of 14,464,482 Ikänik Farms Common Share units at a price of \$0.40 USD per Ikänik Farms Common Share unit for gross proceeds of \$5,785,793. Each Ikänik Farms Common Share unit was comprised of one Ikänik Farms Common Share and one Ikänik Farms Common Share Warrant, with each whole warrant exercisable into one Ikänik Farms Common Share at \$0.60 per share expiring 24 months from the date of a liquidity event.

On November 13, 2020, the Company completed a non-brokered private placement of 6,484,940 Ikänik Farms Common Share units at a price of \$0.55 USD per Ikänik Farms Common Share unit for gross proceeds of \$3,566,717. Each Ikänik Farms Common Share unit was comprised of one Ikänik Farms Common Share and a half Ikänik Farms Common Share Warrant, with each whole warrant exercisable into one Ikänik Farms Common Share at \$0.75 per share expiring 24 months from the date of a liquidity event.

On January 8, 2021, Ikänik Farms issued a total of 125,000 Ikänik Farms Common Shares and 5,908 Ikänik Farms Series A Shares at a price of \$0.40 and \$40.00, per Ikänik Farms Common Share and Ikänik Farms Series A Share, respectively, representing a dollar amount of \$286,320 in the aggregate, to employees and one supplier of känik Farms in satisfaction of services previously rendered.

Subsequent to December 31, 2019, the Company granted a total of 3,305,000 stock options with an exercise price of \$0.40 per share to its directors and employees.

Ikänik Farms, Inc. and Subsidiaries
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NOTE 15. SUBSEQUENT EVENTS (CONTINUED)

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result, significant volatility has occurred in both the United States and International markets. While the disruption is currently expected to be temporary, there is uncertainty around the duration. To date, the Company has experienced declining revenues, difficulty staffing interpreters, difficulty meeting debt covenants, maintaining consistent service quality with reduced revenue, and a loss of customers. Management expects this matter to continue to impact our business, results of operations, and financial position, but the ultimate financial impact of the pandemic on the Company's business, results of operations, financial position, liquidity or capital resources cannot be reasonably estimated at this time.

APPENDIX D
PRO FORMA BALANCE SHEET OF RESULTING ISSUER

[See attached.]

Ikanik Farms, Inc. and Subsidiaries
PROFORMA CONSOLIDATED BALANCE SHEET
(Expressed in US dollars)

At September 30, 2020 (unaudited)

	Canadian	FX translation	Pro-forma	Ikanik Farms,	CIVC - RTO	FX translation	Pro-forma Adjustments			Consolidated
	Imperial Venture Corp.		Canadian Imperial Venture Corp.	Inc. and Subsidiaries	Transaction Costs (CAD)		adjustments presented in pro-	Conversion of debentures upon close of merger (USD)	Ikanik RTO Transaction costs (USD)	
	August 31, 2020 (CAD)	rate	August 31, 2020 (CAD)	September 30, 2020 (USD)		rate				Farms, Inc. and
	\$		\$	\$	\$		\$	\$	\$	(USD)
Notes										
Assets										
Current assets:										
Cash and cash equivalents	131,977	1.31	100,746	3,368,834	(50,000)	1.31	(38,168)	-	(450,000)	2,981,412
Accounts receivable	2,189	1.31	1,671	737,113	-	1.31	-	-	-	738,784
Inventories	-	-	-	845,892	-	-	-	-	-	845,892
Related party receivable	-	-	-	32,951	-	-	-	-	-	32,951
Prepaid expenses and other current assets	-	-	-	536,992	-	-	-	-	-	536,992
Total current assets	134,166	-	102,417	5,521,782	(50,000)	-	(38,168)	-	(450,000)	5,136,031
Property & equipment, net	-	-	-	3,091,467	-	-	-	-	-	3,091,467
Right of use asset, net	-	-	-	4,906,426	-	-	-	-	-	4,906,426
Deposits on property and equipment	-	-	-	3,812,849	-	-	-	-	-	3,812,849
Intangible assets, net	-	-	-	10,141,667	-	-	-	-	-	10,141,667
Goodwill	-	-	-	10,766,667	-	-	-	-	-	10,766,667
Other Assets	-	-	-	134,086	-	-	-	-	-	134,086
Total assets	134,166	-	102,417	38,374,944	(50,000)	-	(38,168)	-	(450,000)	37,989,193
Liabilities and Shareholders' Equity										
Current liabilities:										
Accounts payable and accrued expenses	114,123	1.31	87,117	4,651,901	-	-	-	-	-	4,739,018
Stock issuance payable	-	-	-	-	-	-	-	-	-	-
Due to shareholder	-	-	-	109,887	-	-	-	-	-	109,887
Due to seller	-	-	-	740,000	-	-	-	-	-	740,000
Current portion of lease liabilities	-	-	-	3,031,193	-	-	-	-	-	3,031,193
Current portion of note payable	-	-	-	44,512	-	-	-	-	-	44,512
Derivative liability	-	-	-	-	-	-	-	-	-	-
Warrant liability	-	-	-	353,962	-	-	-	-	-	353,962
Total current liabilities	114,123	-	87,117	8,931,455	-	-	-	-	-	9,018,572
Lease liabilities	-	-	-	2,568,482	-	-	-	-	-	2,568,482
Note payable	-	-	-	156,960	-	-	-	-	-	156,960
Convertible debenture, net of debt issuance costs	-	-	-	13,156,396	-	-	-	(5,260,424)	-	7,895,972
Total liabilities	114,123	-	87,117	24,813,293	-	-	-	(5,260,424)	-	19,639,985
Shareholders' equity										
Series A Compressed Shares	-	-	-	1,282,926	-	-	-	-	-	1,282,926
Common Shares	-	-	-	29,566,838	-	-	-	7,967,049	-	37,533,887
Contributed surplus	-	-	-	5,651,070	-	-	-	-	-	5,651,070
Accumulated other comprehensive income	-	-	-	49,020	-	-	-	-	-	49,020
Accumulated deficit	20,043	1.31	15,300	(22,988,203)	(50,000)	1.31	(38,168)	(2,706,625)	(450,000)	(26,167,696)
Total shareholders' equity	20,043	-	15,300	13,561,651	(50,000)	-	(38,168)	5,260,424	(450,000)	18,349,207
Total liabilities and shareholders' equity	134,166	-	102,417	38,374,944	(50,000)	-	(38,168)	-	(450,000)	37,989,193

The above balance sheet should be read in conjunction with the accompanying notes.

Ikanik Farms, Inc. and Subsidiaries
NOTES TO PRO-FORMA CONSOLIDATED BALANCE SHEET (UNAUDITED)
(Expressed in US dollars)

1. Basis of presentation

The accompanying unaudited pro-forma consolidated balance sheet of Ikanik Farms, Inc. ("Ikanik" or the "Company"), formerly known as Cannus Partners, Inc has been prepared in accordance with International Financial Reporting Standards ("IFRS") by management to give effect to the transactions described below from information derived from the financial statements of Ikanik and the financial statements that combine (i) the separate financial statements for Canadian Imperial Venture Corporation ("CIVC"), including (ii) the completion of the definitive share exchange agreement with CIVC and its shareholders, providing for the acquisition (the "RTO Acquisition") of all of the outstanding shares of CIVC by Ikanik in exchange for 9,500,000 common shares of Ikanik following a consolidation of the outstanding common shares of Ikanik (the "Consolidation").

The functional currency of Ikanik on a pro-forma basis, as determined by management, is the United States ("U.S.") dollar. The pro-forma balance sheet is presented in U.S. dollars.

The unaudited pro-forma consolidated balance sheet has been prepared for inclusion in the Canadian Securities Exchange ("CSE") Filing Statement of Ikanik Farms, Inc. and Subsidiaries dated Feb 12, 2021.

(a) RTO Transaction costs

The transaction costs associated with the acquisition of CIVC by Ikanik through the RTO Transaction have been estimated to be \$38,168 (CAD\$50,000) incurred by CIVC and \$450,000 incurred by Ikanik. The amounts are based on management estimates.

The unaudited pro-forma consolidated balance sheet of the Company has been compiled from and includes the balance sheet of the Company as at September 30, 2020 and the balance sheet of CIVC as at August 31, 2020. The accounts are presented in U.S. dollars. Where transaction amounts are denominated in Canadian (CAD) dollars, these amounts have been translated using an exchange rate of USD\$1.00=CAD\$1.31, the closing rate on August 31, 2020 as per the Bank of Canada

The unaudited pro-forma consolidated balance sheet has been prepared as if the transactions described in Notes 1(a) and as further described in Note 2 had occurred on September 30, 2020. For accounting purposes, Ikanik has been identified as the acquirer in the RTO Transaction. The unaudited pro-forma consolidated balance sheet is presented as a continuation of the financial statements of Ikanik.

The unaudited consolidated balance sheet is not intended to reflect the financial position of the Company which would have actually resulted had the proposed transactions described in Notes 1(a) and as further described in Note 2, and had other pro-forma adjustments occurred as assumed. Further, this unaudited pro-forma consolidated balance sheet is not necessarily indicative of the financial position that may be attained in the future. The unaudited pro-forma consolidated balance sheet should be read in conjunction with the financial statements disclosed above.

2. Pro-forma assumptions

Pro-forma balance sheet adjustments

a) The cumulative adjustment to cash as a result of the above adjustments is summarized as follows:

Pro-forma impact on cash balance	Note	CAD		USD
		Cash	FX Rate	Cash
Ikanik RTO Legal costs	1(a)	\$		\$ 200,000
Ikanik RTO Accounting costs	1(a)			75,000
Ikanik RTO Consulting costs	1(a)			100,000
Ikanik RTO Listing Fees	1(a)			25,000
CIVC RTO Cash Transaction costs	1(a)	(50,000)	1.31	(38,168)
		\$ (50,000)		\$ 411,832

Ikanik Farms, Inc. and Subsidiaries
NOTES TO PRO-FORMA CONSOLIDATED BALANCE SHEET (UNAUDITED)
(Expressed in US dollars)

b) *Ikanik conversion of debt to equity*

As of the effective date of the merger, 50% of the debentures will convert at \$0.61 into approximately 13,060,736 shares of common stock with an approximate value of \$7,967,049. These shares will be held in escrow for 120 days. This adjustment has been included in the above pro-forma balance sheet as of September 30, 2020. See below for detailed effect of this pro-forma adjustment on shareholders' equity in Note 3(b).

3. Shareholders' capital

- a) The acquisition of CIVC by Ikanik has been accounted for as a reverse-takeover transaction whereby Ikanik was deemed to be the Acquirer for accounting purposes. The common shares of Ikanik have been valued at a price of \$0.45 per common share and added to share capital.
- b) Shareholders' equity as if the transactions described in Note 2(b) had occurred on September 30, 2020 is comprised of the following:

Pro-Forma Shareholders Equity	Number of shares	Note	USD
Pro-forma Series A Compressed Shares	543,861		\$ 1,282,926
Common Shares (pre RTO transaction)	61,143,179		29,566,838
Conversion of debentures	13,060,736	2(b)	7,967,049
Pro-forma Series Common shares	74,203,915		37,533,887
Pro-forma Contributed Surplus	-		5,651,070
Accumulated other comprehensive income (pre & post RTO transaction)	-		49,020
Accumulated deficit (pre RTO transaction)			(22,988,203)
Conversion of debentures		2(b)	(2,706,625)
CIVC capital elimination			15,300
RTO Transaction costs (CIVC)		2(a)	(38,168)
RTO Transaction costs (Ikanik)		2(a)	(450,000)
Pro-forma accumulated deficit			(26,167,696)
Total pro-forma shareholders' equity			\$ 18,349,207

4. Pro-forma effective tax rate

The pro-forma effective income tax rate that will be applicable to consolidated operations of the Company during 2020 will be approximately 21%. The Corporation will be subject to Section 280E of the Internal Revenue Code, which forbids businesses from deducting otherwise ordinary business expenses from gross income associated with the "trafficking" of Schedule I or II substances, as defined by the Controlled Substances Act Cannabis is classified as a Schedule I substance

APPENDIX E

CIVC MD&A

(As at and for the years ended November 30, 2020, 2019 and 2018)

[See attached.]

This Management's Discussion and Analysis ("MD&A") prepared as at February 5, 2021, reviews the financial condition and results of operations of Canadian Imperial Venture Corp. (the "Company") for the financial year ended November 30, 2020 and all other material events up to the date of this report. The following discussion should be read in conjunction with the Company's November 30, 2020 annual audited consolidated financial statements and related notes.

The financial data included in the discussion provided in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC"). All dollar amounts are in Canadian dollars, unless otherwise noted.

The Company's certifying officers are responsible for ensuring that the annual audited consolidated financial statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that the annual audited consolidated financial statements and MD&A fairly present, in all material respects, the financial condition, results of operations and cash flows, of the Company as the date hereof.

DESCRIPTION AND OVERVIEW OF BUSINESS

Canadian Imperial Venture Corp. is a publicly listed company currently listed on the NEX division of the TSX Venture Exchange ("TSXV"), currently trading under the symbol "CQV.H".

On April 2, 2019, the Company entered into a business combination agreement (the "Agreement") with Ikänik Farms, Inc. ("Ikänik") (formerly Cannus Partners, Inc.) and a wholly owned subsidiary of the Company, 11326937 Canada Inc. ("Newco"), formed for the purpose of completing the amalgamation. Ikänik is an arm's length company incorporated under the Canada Business Corporations Act and is a vertically integrated cannabis cultivator, producer, distributor and dispensary operator that is building out its "seed to sale" business.

Pursuant to the Agreement, the Company has agreed to acquire all of the issued and outstanding securities of Ikänik and the business of Ikänik by way of a three-cornered amalgamation (the "Transaction") between the Company, Ikänik and Newco pursuant to the provisions of the Canada Business Corporations Act. The Transaction will result in a reverse takeover of the Company by the security holders of Ikänik. Prior to the completion of the Transaction, the Company will designate its common shares as subordinate voting shares (the "Resulting Issuer SV Shares") and create a new class of Series A compressed multiple voting shares (the "Resulting Issuer Series A Shares", together with the Resulting Issuer SV Shares, the "Resulting Issuer Shares"). Each Resulting Issuer Series A Share will have the economic and voting rights equivalent to 100 times the Resulting Issuer SV Shares, and shall be convertible into or exchangeable for the Resulting Issuer SV Shares on the terms and conditions to be determined by Ikänik. The Company will consolidate its existing shares on a ratio to be mutually agreed upon by the Company and Ikänik such that immediately prior to the closing of the Transaction, there will be an aggregate of 9,500,000 common shares of the Company issued and outstanding on a post-consolidation basis, which will be redesignated into Resulting Issuer Shares such that shareholders of the Company will own 9,500,000 Resulting Issuer Shares.

Pursuant to the terms of the Agreement, it is anticipated that Newco and Ikänik will amalgamate to form a single subsidiary of the Company. In consideration for the cancellation of all outstanding securities of Ikänik upon completion of the Transaction, the security holders of Ikänik will receive:

- (i) one Resulting Issuer SV Share for each common share of Ikänik (each, a "Ikänik Common Share");
- (ii) one Resulting Issuer Series A Share for each Series A compressed share of Ikänik (each, a "Ikänik Series A Share");
- (iii) one option to purchase Resulting Issuer Shares for each option to purchase Ikänik Common Shares (each, an "Ikänik Common Option") on the same terms and conditions as each Ikänik Common Option;

- (iv) one option to purchase Resulting Issuer Series A Shares for each option to purchase Ikänik Series A Shares (each, a "Ikänik Series A Option") on the same terms and conditions as each Ikänik Series A Option;
- (v) one purchase warrant for Resulting Issuer SV Shares for each purchase warrant for Ikänik Common Shares (each, a "Ikänik Common Warrant") on the same terms and conditions as each Ikänik Common Warrant;
- (vi) one purchase warrant for Resulting Issuer Series A Shares for each purchase warrant for Ikänik Series A Shares (each, a "Ikänik Series A Warrant") on the same terms and conditions as each Ikänik Series A Warrant; and,
- (vii) one broker warrant for Resulting Issuer SV Shares for each broker right to purchase Ikänik Common Shares (each, a "Ikänik Broker Right") on the same terms and conditions as each Ikänik Broker Right.

Completion of the Transaction is subject to a number of conditions, such as working capital and cash position requirements for the Company, including Ikänik having to complete a financing, receipt of all necessary shareholder and regulatory approvals, the execution of related transaction documents, approval of the TSX Venture Exchange (the "TSXV") for the delisting of the common shares of the Company from the TSXV and conditional approval of the Canadian Securities Exchange (the "CSE") for the listing of the Resulting Issuer SV Shares following completion of the Transaction.

Certain securities issued in connection with the Transaction may be subject to the escrow requirements of the CSE, mutually agreed upon escrow conditions and lock-up periods as required by the CSE and applicable securities laws.

SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the Company for the last three completed financial years ended November 30, 2020, 2019 and 2018. This information has been derived from the Company's audited financial statements for each of those years, and should be read in conjunction with those financial statements and the notes thereto.

	As at and for the financial year ended November 30		
	2020	2019	2018
Total revenues	\$ nil	\$ nil	\$ nil
Loss for the year	(122,384)	(360,413)	(206,251)
Loss per share ⁽¹⁾	(0.01)	(0.02)	(0.02)
Total assets	92,621	197,657	320,250
Total liabilities	146,246	128,898	70,190
Total non-current liabilities	nil	nil	Nil
Working capital (deficit)	\$ (53,625)	\$ 68,759	\$ 250,060

⁽¹⁾ Per share amounts are calculated using the weighted average number of shares outstanding. Fully diluted loss per share amounts have not been calculated, as they would be anti-dilutive.

Over the last few years, junior companies such as Canadian Imperial Venture Corp. have faced significant challenges due to the lack of funds, prevailing market conditions and the inability to raise additional working capital.

The Company received proceeds of \$179,112 on the exercise of 1,432,895 warrants during the year ended November 30, 2019. These proceeds were used to settle the various liabilities of the Company which overall, had an impact on the Company's Consolidated Statement of Financial Position during that year.

General and administration costs can also vary year-to-year depending on the level of activity during the year.

RESULTS OF OPERATIONS

Loss for the year

The Company reported a net loss and comprehensive loss of \$122,384 for the fiscal year ended November 30, 2020 compared to a loss of \$360,413 for the fiscal year ended November 30, 2019.

The Company incurred consulting fees of \$8,226 and \$185,381 for the twelve month periods ended November 30, 2020 and 2019 respectively. The increased costs incurred during the year ended November 30, 2019 can be attributed to fees paid to a third party consultant to help the Company with the business combination agreement with Ikänik.

Professional fees were \$104,292 for the twelve month period ended November 30, 2020 compared to costs of \$106,708 the twelve month period ended November 30, 2019. Professional fees incurred were a result of legal costs associated with the business combination agreement with Ikänik transaction. Other professional fees incurred can be attributed to auditing and accounting fees.

The Company incurred transfer agent and filing fees of \$9,739 for the twelve month period ended November 30, 2020 compared to fees of \$68,037 for the twelve month period ended November 30, 2019. The increased costs during the previous year can be attributed to the mail out for the Company's Annual General and Special Meeting.

Total assets

Total assets of the Company were \$92,621 as at November 30, 2020 compared to assets of \$197,657 as at November 30, 2019.

The decrease in assets can be largely attributed to the reduction in the Company's cash balance. The Company had cash balances of \$89,580 and \$196,485 as at November 30, 2020 and 2019 respectively. During the year, the Company's funds were predominantly used in connection with the Ikänik transaction for payment of various consulting and professional related fees.

During the twelve month period ended November 30, 2019, the Company had realized proceeds of \$179,112 on the exercise of 1,432,895 warrants.

Total liabilities

As at November 30, 2020, the current liabilities of the Company were \$146,246 compared to \$128,898 as at November 30, 2019. The Company's current liabilities as at November 30, 2020 are primarily related to professional and consulting fees.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

Quarter Ended	Revenues	Net loss	Net loss per share ⁽¹⁾
November 30, 2020	\$nil	\$(73,668)	\$(0.01)
August 31, 2020	\$nil	\$(19,055)	\$(0.00)
May 31, 2020	\$nil	\$(15,904)	\$(0.00)
February 29, 2020	\$nil	\$(13,757)	\$(0.00)
November 30, 2019	\$nil	\$(37,076)	\$(0.00)
August 31, 2019	\$nil	\$(146,963)	\$(0.01)
May 31, 2019	\$nil	\$(84,522)	\$(0.005)
February 28, 2019	\$nil	\$(91,852)	\$(0.005)

⁽¹⁾ Fully diluted loss per share amounts are not shown as they would be anti-dilutive.

It is the nature of many junior companies that there are no sales or revenue. There can be significant variances in the Company's reported loss from quarter-to-quarter arising from factors that are difficult to anticipate in advance or to predict from past results. The Company is actively finalizing the Ikänik transaction. Consulting and professional fees will vary from period to period as the Company works to conclude the transaction.

LIQUIDITY AND CAPITAL RESOURCES

Canadian Imperial Venture Corp. did not generate any cash flow from operations. The Company's financial success relies on management's ability to continue to identify and evaluate assets or a business with a view to completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities. Future cash flows from operations will be dependent on maximizing the potential of these opportunities.

In order to finance the acquisition of assets or a business and corporate overhead, the Company has historically been dependent on investor sentiment remaining positive towards the junior companies, and towards Canadian Imperial Venture Corp. in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment, including a positive climate from investors to support junior companies, a company's track record and the experience and calibre of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. Note 1 of the Company's 2020 audited consolidated financial statements further discusses the going concern issue. The consolidated financial statements do not include any adjustments that might result from these uncertainties.

Canadian Imperial Venture Corp. has in the past, financed its activities through equity and loan financings. It is anticipated as general sentiment towards junior companies turn positive, the Company can raise the necessary capital to secure and finance the acquisition of assets or a business. See "Description and Overview of Business" section for details relating to the Transaction.

Debt financing has been used to finance general operating expenses, but has not been used to fund asset and business acquisitions, and the Company has no current plans to use such financing. There are no other sources of financing that have been arranged by the Company.

The Company had a working capital deficit for the period ended November 30, 2020 of \$(53,625) compared to working capital of \$68,759 for the period ended November 30, 2019. The decrease can be attributed to the use of cash during the current year for expenditures incurred. The Company has no commitments for capital expenditures.

Cash and Financial Conditions

The Company had a cash balance of \$89,580 as at November 30, 2020 as compared to a cash balance of \$196,485 as at November 30, 2019. The decrease in cash for the year can be attributed to the payment of expenditures as incurred.

The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements.

Canadian Imperial Venture Corp. does not use hedges or other financial derivatives.

Financing Activities

No options were exercised during the twelve month periods ending November 30, 2020 and 2019.

During the year ended November 30, 2019, 1,432,895 warrants were exercised and converted into common shares for total proceeds of \$179,112.

During the twelve month periods ending November 30, 2019, the Company repaid loans totalling \$3,500 to related parties.

Investing Activities

During the twelve months ended November 30, 2020, the Company recognized net cash out flows of \$nil from its investing activities.

There were no material differences in the actual use of proceeds from the Company's previous disclosure in this regard.

SECURITIES OUTSTANDING

As at November 30, 2020 and the date of this MD&A, the Company had 14,800,334 common shares issued and outstanding.

As at November 30, 2020 and the date of this MD&A, the Company had no warrants outstanding.

As at November 30, 2020 and the date of this MD&A, the Company had no stock options issued and outstanding.

OUTLOOK

It is anticipated that in the continued and foreseeable future, Canadian Imperial Venture Corp. will rely on the equity markets to meet its financing needs. Should cash flow build through its business operations, the Company will be in a position to finance other initiatives from cash flow.

Without continued external funding to pursue and finance any business opportunities, there is substantial doubt as to the Company's ability to operate as a going concern. Although Canadian Imperial Venture Corp. has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve successful business results or obtain adequate financing.

Management and the Board of Directors continuously review and examine business proposals for the Company and conduct their due diligence in respect of the same.

OFF-BALANCE SHEET ARRANGEMENTS

At the date of this report, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Year ended November 30,	
	2020	2019
Short-term benefits*	\$ 8,850	\$ 11,800

*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in service contracts, professional fees and wages

During the year ended November 30, 2020, the Company had the following transactions with related parties:

- a) The Company incurred \$nil (2019 - \$1,967) in legal fees with Owen Bird Law Corporation, a law firm in which Jeff Lightfoot, a director of the Company, is a partner.

As at November 30, 2020, the Company had the following amounts outstanding to related parties:

- a) Included in accounts payable and accrued liabilities is \$6,195 (2019 - \$2,950) owing to MJJ & Associates Consulting Ltd., a company controlled by Ming Jang, an officer of the Company for professional fees.

FOURTH QUARTER RESULTS

For the three month period ended November 30, 2020 ("Q4-2020"), the Company realized a net loss of \$73,668 compared to a loss of \$37,076 for the comparable three months ended November 30, 2019 ("Q4-2019"). The increased loss in Q4-2020 can be attributed to the additional professional fees to meet various regulatory requirements to finalize the Agreement with Ikänik.

PROPOSED TRANSACTIONS

See "Description and Overview of Business" for details of the proposed Transaction with Ikänik Farms, Inc.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the financial statements are discussed below.

Critical judgments

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1 of the Company's November 30, 2020 annual audited consolidated financial statements

Key sources of estimation uncertainty

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

New standards, interpretations and amendments

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company adopted this standard effective December 1, 2019 and determined it had no impact on the Company's consolidated financial statements.
- IFRIC 23 – Uncertainty over Income Tax Treatment: New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019. The Company adopted this standard effective December 1, 2019 and determined it had no impact on the Company's consolidated financial statements.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2020. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company.

- IFRS 3 – Business Combinations: IFRS 3 was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive, and the inputs and process must together significantly contribute to operating outputs. In addition, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs, and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.
- IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's amounts receivable, accounts payable and accrued liabilities and due to related party approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short term nature. The Company's cash is measured at fair value, under the fair value hierarchy based on level 1 quoted prices in active markets for identical assets or liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk. Amounts receivable consists of input tax credits receivable from the Government of Canada and are not subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2020, the Company had a cash balance of \$89,580 to settle current liabilities of \$146,246. The Company expects to fund future liabilities through the issuance of capital stock. See Note 1 for discussion of going concern risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

a) Interest rate risk

The Company has cash balances which are not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at November 30, 2020, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

c) Foreign currency risk

The Company operates in Canada and is not exposed to any significant foreign currency risk.

d) COVID-19

In late 2019, a virus which causes coronavirus disease 2019 (COVID-19) was identified in Wuhan, Hubei, China. The virus subsequently spread throughout most of the world and in March 2020, COVID-19 was recognized as a pandemic by the World Health Organization.

COVID-19 has had a significant impact on businesses through the restrictions put in place by Canadian and foreign governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. We anticipate this outbreak may increase difficulties in financing and increased government regulations, all of which may negatively impact the Company's business and financial condition

FORWARD-LOOKING STATEMENTS

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Canadian Imperial Venture Corp's control, including but not limited to: general economic and business conditions; cash flow projections; currency fluctuations; risks relating to our ability to obtain adequate financing for future activities; risks related to government regulations, including environmental regulations and other general market and industry conditions as well as those factors discussed in each management discussion and analysis, available on SEDAR at www.sedar.com.

Although Canadian Imperial Venture Corp. has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Canadian Imperial Venture Corp.'s actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Canadian Imperial Venture Corp. will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company believes that the expectations reflected in these forward looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and as such forward looking statements contained into this report should not be relied upon. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about general business and economic conditions, the availability of financing for the Company, the ability to attract and retain skilled staff and the ability to identify and secure a quality asset or a business with a view of completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.

ADDITIONAL SOURCES OF INFORMATION

Additional information relating to Canadian Imperial Venture Corp. can be found on the SEDAR website at www.sedar.com.

This Management's Discussion and Analysis ("MD&A") prepared as at March 19, 2020, reviews the financial condition and results of operations of Canadian Imperial Venture Corp. (the "Company") for the financial year ended November 30, 2019 and all other material events up to the date of this report. The following discussion should be read in conjunction with the Company's November 30, 2019 annual audited consolidated financial statements and related notes.

The financial data included in the discussion provided in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC"). All dollar amounts are in Canadian dollars, unless otherwise noted.

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DESCRIPTION AND OVERVIEW OF BUSINESS

Canadian Imperial Venture Corp. is a publicly listed company currently listed on the NEX division of the TSX Venture Exchange ("TSXV"), currently trading under the symbol "CQV.H".

On April 2, 2019, the Company entered into a business combination agreement (the "Agreement") with Ikänik Farms, Inc. ("Ikänik") (formerly Cannus Partners, Inc.) and a wholly owned subsidiary of the Company, 11326937 Canada Inc. ("Newco"), formed for the purpose of completing the amalgamation. Ikänik is an arm's length company incorporated under the Canada Business Corporations Act and is a vertically integrated cannabis cultivator, producer, distributor and dispensary operator that is building out its "seed to sale" business.

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Pursuant to the terms of the Agreement, it is anticipated that Newco and Ikänik will amalgamate to form a single subsidiary of the Company. In consideration for the cancellation of all outstanding securities of Ikänik upon completion of the Transaction, the security holders of Ikänik will receive:

- (i) one Resulting Issuer SV Share for each common share of Ikänik (each, a "Ikänik Common Share");
- (ii) one Resulting Issuer Series A Share for each Series A compressed share of Ikänik (each, a "Ikänik Series A Share");
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- (iv) one option to purchase Resulting Issuer Series A Shares for each option to purchase Ikänik Series A Shares (each, a "Ikänik Series A Option") on the same terms and conditions as each Ikänik Series A Option;
- (v) one purchase warrant for Resulting Issuer SV Shares for each purchase warrant for Ikänik Common Shares (each, a "Ikänik Common Warrant") on the same terms and conditions as each Ikänik Common Warrant;
- (vi) one purchase warrant for Resulting Issuer Series A Shares for each purchase warrant for Ikänik Series A Shares (each, a "Ikänik Series A Warrant") on the same terms and conditions as each Ikänik Series A Warrant; and,
- (vii) one broker warrant for Resulting Issuer SV Shares for each broker right to purchase Ikänik Common Shares (each, a "Ikänik Broker Right") on the same terms and conditions as each Ikänik Broker Right.

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Certain securities issued in connection with the Transaction may be subject to the escrow requirements of the CSE, mutually agreed upon escrow conditions and lock-up periods as required by the CSE and applicable securities laws.

SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the Company for the last three completed financial years ended November 30, 2019, 2018 and 2017. This information has been derived from the Company's audited financial statements for each of those years, and should be read in conjunction with those financial statements and the notes thereto.

	As at and for the financial year ended November 30		
	2019	2018	2017
Total revenues	\$ nil	\$ nil	\$ nil
Loss for the year	(360,413)	(206,251)	(61,769)
Loss per share ⁽¹⁾	(0.02)	(0.02)	(0.04)
Total assets	197,657	320,250	10,369
Total liabilities	128,898	70,190	591,669
Total non-current liabilities	nil	nil	nil
Working capital (deficit)	\$ 68,759	\$ 250,060	\$ (581,300)

(1) Per share amounts are calculated using the weighted average number of shares outstanding. Fully diluted loss per share amounts have not been calculated, as they would be anti-dilutive.

Over the last few years, junior companies such as Canadian Imperial Venture Corp. have faced significant challenges due to the lack of funds, prevailing market conditions and the inability to raise additional working capital. As the Company received proceeds of \$179,112 on the exercise of 1,432,895 warrants during the year,

these proceeds were used to settle the various liabilities of the Company which overall, had an impact on the Company's Consolidated Statement of Financial Position during the year.

General and administration costs can also vary year-to-year depending on the level of activity during the year.

RESULTS OF OPERATIONS

Loss for the year

The Company reported a net loss and comprehensive loss of \$360,413 for the fiscal year ended November 30, 2019 compared to a loss of \$206,251 for the fiscal year ended November 30, 2018.

The Company incurred consulting fees of \$185,381 and \$74,774 for the twelve month periods ended November 30, 2019 and 2018 respectively. The increased cost can be attributed to fees paid to a third party consultant to help the Company with the business combination agreement with Ikänik.

Professional fees were \$106,708 for the twelve month period ended November 30, 2019 compared to costs of \$131,843 the twelve month period ended November 30, 2018. The professional fees incurred during the year can be general attributed to the legal costs associated with the business combination agreement with Ikänik transaction. Other professional fees incurred during the year can be attributed to auditing and accounting fees. The lower costs can be generally attributed to lower accounting related fees incurred during the year.

The Company incurred transfer agent and filing fees of \$68,037 for the twelve month period ended November 30, 2019 compared to fees of \$11,643 for the twelve month period ended November 30, 2018. The increased costs during the current year can be attributed to the mail out for the Company's Annual General and Special Meeting.

Total assets

The change in total assets over the three year period from 2017-2019 is largely the result of changes in the cash balance.

Total assets of the Company were \$197,657 as at November 30, 2019 compared to assets of \$320,250 as at November 30, 2018.

The decrease in assets can be largely attributed to the reduction in the Company's cash balance. The Company had cash balances of \$196,485 and \$311,471 as at November 30, 2019 and 2018 respectively. During the year, the Company's funds were predominantly used in connection with the Ikänik transaction for various consulting and professional related fees.

During the twelve month period ended November 30, 2019, the Company realized proceeds of \$179,112 on the exercise of 1,432,895 warrants.

Total liabilities

As at November 30, 2019, the current liabilities of the Company were \$128,898 compared to \$70,190 as at November 30, 2018. The Company's current liabilities as at November 30, 2019 are primarily related to professional and consulting fees.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

Quarter Ended	Revenues	Net loss	Net loss per share ⁽¹⁾
November 30, 2019	\$nil	\$(37,076)	\$(0.00)
August 31, 2019	\$nil	\$(146,963)	\$(0.01)
May 31, 2019	\$nil	\$(84,522)	\$(0.005)
February 28, 2019	\$nil	\$(91,852)	\$(0.005)
November 30, 2018	\$nil	\$(127,225)	\$(0.01)
August 31, 2018	\$nil	\$(3,684)	\$(0.00)
May 31, 2018	\$nil	\$(36,501)	\$(0.005)
February 28, 2018	\$nil	\$(38,841)	\$(0.005)

⁽¹⁾ Fully diluted loss per share amounts are not shown as they would be anti-dilutive.

It is the nature of many junior companies that there are no sales or revenue. There can be significant variances in the Company's reported loss from quarter-to-quarter arising from factors that are difficult to anticipate in advance or to predict from past results. The Company is actively finalizing the Ikänik transaction. Consulting and professional fees will vary from period to period as the Company concludes the transaction.

General and administration costs can also vary quarter-to-quarter depending on the nature of the expenditure and if the Company has the available resources to fund these activities.

LIQUIDITY AND CAPITAL RESOURCES

Canadian Imperial Venture Corp. did not generate any cash flow from operations. The Company's financial success relies on management's ability to continue to identify and evaluate assets or a business with a view to completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities. Future cash flows from operations will be dependent on maximizing the potential of these opportunities.

In order to finance the acquisition of assets or a business and corporate overhead, the Company has historically been dependent on investor sentiment remaining positive towards the junior companies, and towards Canadian Imperial Venture Corp. in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment, including a positive climate from investors to support junior companies, a company's track record and the experience and calibre of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. Note 1 of the Company's 2019 audited consolidated financial statements further discusses the going concern issue. The consolidated financial statements do not include any adjustments that might result from these uncertainties.

Canadian Imperial Venture Corp. has in the past, financed its activities through equity and loan financings. It is anticipated as general sentiment towards junior companies turn positive, the Company can raise the necessary capital to secure and finance the acquisition of assets or a business. See "Description and Overview of Business" section for details relating to the Transaction.

Debt financing has been used to finance general operating expenses, but has not been used to fund asset and business acquisitions, and the Company has no current plans to use such financing. There are no other sources of financing that have been arranged by the Company.

The Company's working capital for the periods ended November 30, 2019 was \$68,759 compared to a working capital of \$250,060 for the period ended November 30, 2018. The decrease can be attributed to the use of cash during the current year for expenditures incurred.

The Company has no commitments for capital expenditures.

Cash and Financial Conditions

The Company had a cash balance of \$196,485 as at November 30, 2019 as compared to a cash balance of \$311,471 as at November 30, 2018.

The decrease in cash for the year can be attributed to the payment of expenditures as incurred.

The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements.

Canadian Imperial Venture Corp. does not use hedges or other financial derivatives.

Financing Activities

During the year ended November 30, 2019, 1,432,895 warrants were exercised and converted into common shares for total proceeds of \$179,112.

During the year ending November 30, 2018, the Company had completed a private placement for gross proceeds of \$1,045,000. These funds were raised by the Company issuing 11,000,000 units at a price of \$0.095 per unit; each unit consisted of one common share and one share purchase warrant which entitled the holder to acquire one additional share at a price of \$0.125 for a period of 12 months. In connection with the private placement, the Company incurred issuance costs of \$7,389.

During the twelve month periods ending November 30, 2019 and 2018, the Company repaid loans totalling \$3,500 and \$127,500 respectively to various third and related parties.

No options were exercised during the twelve month periods ending November 30, 2019 and 2018.

Investing Activities

During the twelve months ended November 30, 2019, the Company recognized net cash out flows of \$nil from its investing activities.

There were no material differences in the actual use of proceeds from the Company's previous disclosure in this regard.

SECURITIES OUTSTANDING

As at November 30, 2019 and the date of this MD&A, the Company had 14,800,334 common shares issued and outstanding.

As at November 30, 2019 and the date of this MD&A, the Company had no warrants outstanding.

As at November 30, 2019 and the date of this MD&A, the Company had no stock options issued and outstanding.

OUTLOOK

It is anticipated that in the continued and foreseeable future, Canadian Imperial Venture Corp. will rely on the equity markets to meet its financing needs. Should cash flow build through its business operations, the Company will be in a position to finance other initiatives from cash flow.

Without continued external funding to pursue and finance any business opportunities, there is substantial doubt as to the Company's ability to operate as a going concern. Although Canadian Imperial Venture Corp. has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve successful business results or obtain adequate financing.

Management and the Board of Directors continuously review and examine business proposals for the Company and conduct their due diligence in respect of the same.

OFF-BALANCE SHEET ARRANGEMENTS

At the date of this report, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Year ended November 30,	
	2019	2018
Short-term benefits*	\$ 11,800	\$ 46,536

*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in service contracts, professional fees and wages

During the year ended November 30, 2019, the Company had the following transactions with related parties:

- a) *The Company incurred \$11,800 (2018 - \$39,411) in professional fees with MJJ & Associates Consulting Ltd., a company controlled by Ming Jang, an officer of the Company.
- b) *The Company incurred \$nil (2018 - \$4,750) in consulting fees with Jeff Lightfoot, a director of the Company.
- c) *The Company incurred \$nil (2018 - \$2,375) in consulting fees with Erin Walmesley, a former director of the Company.
- d) The Company incurred \$1,967 (2018 - \$13,071) in legal fees with Owen Bird Law Corporation, a law firm in which Jeff Lightfoot, a director of the Company, is a partner.

As at November 30, 2019, the Company had the following amounts outstanding to related parties:

- a) Included in accounts payable and accrued liabilities is \$2,950 (2018 - \$3,098) owing to MJJ & Associates Consulting Ltd., a company controlled by Ming Jang, an officer of the Company for professional fees.
- b) Included in accounts payable and accrued liabilities is \$1,967 (2018 - \$nil) owing to Owen Bird Law Corporation, a law firm in which Jeff Lightfoot, a director of the Company, is a partner.
- c) \$nil (2018 – \$3,500) in loans is due to Jeff Lightfoot, a director of the Company. The amount owing was unsecured and non-interest bearing with no specific terms of repayment.

FOURTH QUARTER RESULTS

For the three month period ended November 30, 2019 ("Q4-2019"), the Company realized a net loss of \$37,076 compared to a loss of \$127,225 for the comparable three months ended November 30, 2018 ("Q4-2018"). The increased loss in Q4-2018 can be attributed to the due diligence activity on various business opportunities during the period and the recognition of additional filing fees.

PROPOSED TRANSACTIONS

See "Description and Overview of Business" for details of the proposed Transaction with Ikänik Farms, Inc.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the financial statements are discussed below.

Critical judgments

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1 of the Company's November 30, 2019 annual audited consolidated financial statements

Key sources of estimation uncertainty

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of

these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

New standards, interpretations and amendments

- IFRS 9 – Financial Instruments – Effective December 1, 2018, the Company adopted IFRS 9. See Note 3 (b) on the Company's consolidated financial statements for the impact of the transition to IFRS 9.
- IFRS 15 – Revenue from Contracts with Customers – New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018. Effective December 1, 2018, the Company adopted IFRS 15. IFRS 15 had no impact on the Company's consolidated financial statements as the Company did not recognize any revenue during the year.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2019. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company.

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. As the Company does not have any lease commitments, no impact is expected on the Company's consolidated financial statements.
- IFRIC 23 – Uncertainty over Income Tax Treatment: New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019. The adoption of this standard is not expected to have a significant impact on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's amounts receivable, accounts payable and accrued liabilities and due to related party approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short term nature. The Company's cash is measured at fair value, under the fair value hierarchy based on level 1 quoted prices in active markets for identical assets or liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk. Amounts receivable consists of input tax credits receivable from the Government of Canada and are not subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2019, the Company had a cash balance of \$196,485 to settle current liabilities of \$128,898. The Company expects to fund future liabilities through the issuance of capital stock. See Note 1 for discussion of going concern risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

a) Interest rate risk

The Company has cash balances which are not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at November 30, 2019, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

c) Foreign currency risk

The Company operates in Canada and is not exposed to any significant foreign currency risk.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Canadian Imperial Venture Corp's control, including but not limited to: general economic and business conditions, information included or implied in the various independently produced and published technical reports; cash flow projections; currency fluctuations; commodity price fluctuations; risks relating to our ability to obtain adequate financing for future activities; risks related to government regulations, including environmental regulations and other general market and industry conditions as well as those factors discussed in each management discussion and analysis, available on SEDAR at www.sedar.com.

Although Canadian Imperial Venture Corp. has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Canadian Imperial Venture Corp.'s actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Canadian Imperial Venture Corp. will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company believes that the expectations reflected in these forward looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and as such forward looking statements contained into this report should not be relied upon. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about general business and economic conditions, the availability of financing for the Company, the ability to attract and retain skilled staff and the ability to identify and secure a quality asset or a business with a view of completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.

ADDITIONAL SOURCES OF INFORMATION

Additional information relating to Canadian Imperial Venture Corp. can be found on the SEDAR website at www.sedar.com.

This Management's Discussion and Analysis ("MD&A") prepared as at March 29, 2019, reviews the financial condition and results of operations of Canadian Imperial Venture Corp. ("Canadian Imperial Venture", or the "Company") for the financial year ended November 30, 2018, and all other material events up to the date of this report. The following discussion should be read in conjunction with the Company's November 30, 2018 annual audited financial statements and related notes.

The financial data included in the discussion provided in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC"). All dollar amounts are in Canadian dollars, unless otherwise noted.

The Company's certifying officers are responsible for ensuring that the annual audited financial statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that the annual audited financial statements and MD&A fairly present, in all material respects, the financial condition, results of operations and cash flows of the Company as the date hereof.

DESCRIPTION AND OVERVIEW OF BUSINESS

Canadian Imperial Venture Corp. is a publicly listed company currently listed on the NEX division of the TSX Venture Exchange, trading under the symbol "CQV.H".

The principle business of the Company is the identification and evaluation of assets or a business with a view of completing a transaction subject to shareholder approval and acceptance by regulatory authorities. The success of the Company will be dependent on obtaining the necessary financing to evaluate and pursue these opportunities.

The current market conditions and volatility increases the uncertainty of the Company's ability to continue as a going concern given the need to both curtail expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds. These items cast a significant doubt upon the Company's ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company will be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the Company's statement of financial position.

SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the Company for the last three completed financial years ended November 30, 2018, 2017 and 2016. This information has been derived from the Company's audited financial statements for each of those years, and should be read in conjunction with those financial statements and the notes thereto.

	As at and for the financial year ended November 30		
	2018	2017	2016
Total revenues (net of royalties)	\$ nil	\$ nil	\$ nil
Income (loss) for the year	(206,251)	(61,769)	(167,334)
Income (loss) per share ⁽¹⁾	(0.02)	(0.04)	(0.11)
Total assets	320,250	10,369	10,255
Total liabilities	70,190	591,669	529,786
Total non-current liabilities	nil	nil	nil
Working capital (deficit)	\$ 250,060	\$ (581,300)	\$ (519,531)

(1) Per share amounts are calculated using the weighted average number of shares outstanding. Fully diluted loss per share amounts have not been calculated, as they would be anti-dilutive.

Over the last few years, junior companies such as Canadian Imperial Venture have faced significant challenges due to the lack of funds, prevailing market conditions and the inability to raise additional working capital. As the Company completed a private placement during the year, proceeds from the placement were used to settle the various liabilities of the Company which overall had an impact on the Company's Statement of Financial Position during the year.

General and administration costs can also vary year-to-year depending on the availability of funds.

RESULTS OF OPERATIONS

Loss for the year

The Company reported a net loss and comprehensive loss of \$(206,251) for the fiscal year ended November 30, 2018 compared to a net loss and comprehensive loss of \$(61,769) for the fiscal year ended November 30, 2017.

The Company incurred consulting fees of \$74,774 and \$3,250 for the twelve month periods ending November 30, 2018 and 2017 respectively. The increased cost can be attributed to fees paid to a third party consultant to help the Company assess various investment opportunities. In addition, the Company also incurred various fees associated with the corporate restructuring of the business during the year which contributed to the higher consulting fees for the year.

Professional fees were \$131,843 for the twelve month period ended November 30, 2018 compared to costs of \$27,278 for the twelve month period ended November 30, 2017. The general increased costs can be attributed to various legal costs associated with due diligence on various investment opportunities. Additional accounting fees were incurred relating to the corporate restructuring of the business.

The Company incurred transfer agent and filing fees of \$11,643 for the twelve month period ended November 30, 2018 compared to fees of \$29,924 for the twelve month period ended November 30, 2017. The higher fees from the previous year can be attributed to various reinstatement costs associated with getting the Company to commence trading.

Total assets

The change in total assets over the three year period from 2016-2018 is largely the result of changes in the cash balance. In February 2018, the Company completed a private placement whereby gross proceeds of \$1,045,000 were raised on the issuance of 11,000,000 common shares of the Company. These funds were subsequently used to settle the Company's various liabilities and for general working capital.

Total assets of the Company were \$320,250 as at November 30, 2018 compared to assets of \$10,369 as at November 30, 2017.

Total liabilities

As at November 30, 2018, the current liabilities of the Company were \$70,190 compared to \$591,669 as at November 30, 2017. The reduction in liabilities is due to the Company using the proceeds of the February 2018 private placement to settle the existing debts. The Company's current liabilities are primarily related to general and administration costs and a loan due to a related party.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

Quarter Ended	Revenues	Net income (loss)	Net income (loss) per share ⁽¹⁾
November 30, 2018	\$nil	\$(127,225)	\$(0.01)
August 31, 2018	\$nil	\$(3,684)	\$(0.00)
May 31, 2018	\$nil	\$(36,501)	\$(0.005)
February 28, 2018	\$nil	\$(38,841)	\$(0.005)
November 30, 2017	\$nil	\$9,556	\$0.01
August 31, 2017	\$nil	\$(5,119)	\$(0.01)
May 31, 2017	\$nil	\$(21,881)	\$(0.01)
February 28, 2017	\$nil	\$(44,325)	\$(0.03)

⁽¹⁾ Fully diluted loss per share amounts are not shown as they would be anti-dilutive.

It is the nature of many junior companies that there are no sales or revenue. There can be significant variances in the Company's reported loss from quarter-to-quarter arising from factors that are difficult to anticipate in advance or to predict from past results. The Company is actively assessing various business opportunities and as such, consulting and professional fees will vary from period to period as the Company conducts its due diligence.

General and administration costs can also vary quarter-to-quarter depending on the nature of the expenditure and if the Company has the available resources to fund these activities.

LIQUIDITY AND CAPITAL RESOURCES

Canadian Imperial Venture did not generate any cash flow from operations. The Company's financial success relies on management's ability to identify and evaluate assets or a business with a view to completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities. Future cash flows from operations will be dependent on maximizing the potential of these opportunities.

In order to finance the acquisition of assets or a business and corporate overhead, the Company has historically been dependent on investor sentiment remaining positive towards the junior companies, and towards Canadian Imperial Venture in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment, including a positive climate from investors to support junior companies, a company's track record and the experience and calibre of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. Note 1 of the Company's 2018 audited financial statements further discusses the going concern issue. The financial statements do not include any adjustments that might result from these uncertainties.

Canadian Imperial Venture has in the past, financed its activities through equity and loan financings. It is anticipated as general sentiment towards junior companies turn positive, the Company can raise the necessary capital to secure and finance the acquisition of assets or a business.

Debt financing has been used to finance general operating expenses, but has not been used to fund asset and business acquisitions, and the Company has no current plans to use such financing. There are no other sources of financing that have been arranged by the Company.

The Company's working capital for the periods ended November 30, 2018 was \$250,060 compared to a working capital deficiency of \$(581,300) for the period ended November 30, 2017. The increase can be attributed to the private placement completed during the current year.

The Company has no commitments for capital expenditures.

Cash and Financial Conditions

The Company had a cash balance of \$311,471 as at November 30, 2018 as compared to a cash balance of \$8,587 as at November 30, 2017.

The increase in cash for the year can be attributed to the private placement completed in which gross proceeds of \$1,045,000 was raised.

The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements.

Canadian Imperial Venture does not use hedges or other financial derivatives.

Financing Activities

During the twelve month period ending November 30, 2018, the Company completed a private placement for gross proceeds of \$1,045,000. These funds were raised by the Company issuing 11,000,000 units at a price of \$0.095 per unit; each unit consisted of one common share and one share purchase warrant which entitled the holder to acquire one additional share at a price of \$0.125 for a period of 12 months. In connection with the private placement, the Company incurred issuance costs of \$7,389.

During the twelve month period ending November 30, 2018, the Company repaid loans totalling \$127,500 to various third and related parties.

No warrants or options were exercised during the twelve month periods ending November 30, 2018 and 2017.

Subsequent to the period ended November 30, 2018, 1,432,895 warrants were exercised and converted into common shares for total proceeds of \$179,112.

Investing Activities

During the twelve months ended November 30, 2018, the Company recognized net cash out flows of \$nil from its investing activities.

There were no material differences in the actual use of proceeds from the Company's previous disclosure in this regard.

SECURITIES OUTSTANDING

During the fiscal year ended November 30, 2018, the Company completed a private placement for gross proceeds of \$1,045,000. These funds were raised by the Company issuing 11,000,000 units at a price of \$0.095 per unit; each unit consisted of one common share and one share purchase warrant which entitled the holder to acquire one additional share at a price of \$0.125 for a period of 12 months. The Company also issued 802,500 finder's units on terms identical to those issued to subscribers. All securities will be subject to a hold period expiring on June 8, 2018 under applicable Canadian securities laws.

As at November 30, 2018, the Company had 13,367,439 common shares issued and outstanding.

As at the date of this MD&A, the Company had 14,800,334 common shares issued and outstanding.

As at November 30, 2018, the Company had 11,802,500 warrants outstanding with an exercise price of \$0.125 per common share and an expiry date of February 7, 2019.

Subsequent to the period ended November 30, 2018, 1,432,895 warrants were exercised and converted into common shares for total proceeds of \$179,112; and the balance of 10,369,605 warrants expired unexercised.

At the date of this MD&A, the Company had no warrants outstanding.

No stock options were granted during the fiscal year ended November 30, 2018 and as at the date of this MD&A and no stock options are outstanding.

OUTLOOK

It is anticipated that in the continued and foreseeable future, Canadian Imperial Venture will rely on the equity markets to meet its financing needs. Should cash flow build through its business operations, the Company will be in a position to finance other initiatives from cash flow.

Without continued external funding to pursue and finance any business opportunities, there is substantial doubt as to the Company's ability to operate as a going concern. Although Canadian Imperial Venture has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve successful business results or obtain adequate financing.

Management and the Board of Directors continuously review and examine business proposals for the Company and conduct their due diligence in respect of the same.

OFF-BALANCE SHEET ARRANGEMENTS

At the date of this report, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board

of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Year ended November 30,	
	2018	2017
Short-term benefits*	\$ 46,536	\$ 14,300

*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in service contracts, professional fees and wages

For the fiscal year ended November 30, 2018, the Company incurred \$13,071 (2017 - \$18,527) in legal fees with Owen Bird Law Corporation, a law firm in which Jeff Lightfoot, a director of the Company, is a partner.

As at November 30, 2018, the Company had the following amounts outstanding to related parties:

- a) Included in accounts payable and accrued liabilities is \$nil (2017 - \$283,903) owing to Imperial Consultants Inc., a company controlled by Gerard Edwards, former CEO and director for accrued management, consulting and professional fees and expense reimbursements.
- b) Included in accounts payable and accrued liabilities is \$nil (2017 - \$30,527) owing to Owen Bird Law Corporation, a law firm in which Jeff Lightfoot, a director of the Company, is a partner. The amount owing is for professional fees.
- c) Included in accounts payable and accrued liabilities is \$3,098 (2017 - \$69,940) owing to MJJ & Associates Consulting Ltd., a company controlled by Ming Jang, an officer of the Company. The amount owing is for professional fees.
- d) \$nil (2017 - \$34,500) is due to Gerard Edwards the former CEO, a former director of the Company. This amount is unsecured and non-interest bearing with no specific terms of repayment.
- e) \$3,500 (2017 - \$8,500) is due to Jeff Lightfoot, a director of the Company. This amount is unsecured and non-interest bearing with no specific terms of repayment.

FOURTH QUARTER RESULTS

For the three month period ended November 30, 2018 ("Q4-2018"), the Company realized a net loss of \$(127,225) compared to an income of \$9,556 for the comparable three months ended November 30, 2017 ("Q4-2017"). The loss in Q4-2018 can be attributed to the due diligence activity on various business opportunities during the period and the recognition of additional filing fees.

PROPOSED TRANSACTIONS

There are currently no proposed asset or business acquisitions or dispositions, other than those in the ordinary course of business before the board of directors for consideration.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the financial statements are discussed below.

Critical judgments

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1 of the Company's November 30, 2018 annual audited financial statements

Key sources of estimation uncertainty

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

RECENT ACCOUNTING PRONOUNCEMENTS

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2017. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2017.

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.
- IFRIC 23 – Uncertainty over Income Tax Treatment: New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019.

FINANCIAL INSTRUMENTS AND RELATED RISKS

Categories of Financial Assets and Financial Liabilities

Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss (“FVTPL”), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets “available-for-sale” are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Financial assets “held-to-maturity”, “loans and receivables”, and “other financial liabilities” are subsequently measured at amortized cost using the effective interest method. The Company’s financial assets and liabilities are recorded and measured as follows:

Asset or Liability	Category	Measurement
Cash	FVTPL	Fair value
Amounts Receivable	Loans and receivables	Amortized cost
Trade payables and accrued liabilities	Other liabilities	Amortized cost
Due to related parties	Other liabilities	Amortized cost
Loans	Other liabilities	Amortized cost

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash has been measured at fair value using Level 1 inputs.

Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk. Receivables consists of input tax credits receivable from the Government of Canada.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2018, the Company had a cash balance of \$311,471 to settle current liabilities of \$70,190.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

- a) Interest rate risk
The Company has cash balances which are not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. As of November 30, 2018, the Company did not have any investments in investment-grade short-term deposit certificates.
- b) Foreign currency risk
As at November 30, 2018, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. The foreign currency risk is not significant.
- c) Price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

FINANCIAL INSTRUMENTS

The fair value of the Company's amounts receivable, trade payables and accrued liabilities, due to a related parties and loans approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short terms to maturity. The Company's cash is measured at fair value, under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Canadian Imperial Venture's control, including but not limited to: general economic and business conditions, information included or implied in the various independently produced and published technical reports; cash flow projections; currency fluctuations; commodity price fluctuations; risks relating to our ability to obtain adequate financing for future activities; risks related to government regulations, including environmental regulations and other general market and industry conditions as well as those factors discussed in each management discussion and analysis, available on SEDAR at www.sedar.com.

Although Canadian Imperial Venture has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause

results not to be as anticipated, estimated or intended. Canadian Imperial Venture's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Canadian Imperial Venture will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company believes that the expectations reflected in these forward looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and as such forward looking statements contained into this report should not be relied upon. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about general business and economic conditions, the availability of financing for the Company, the ability to attract and retain skilled staff and the ability to identify and secure a quality asset or a business with a view of completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.

ADDITIONAL SOURCES OF INFORMATION

Additional information relating to Canadian Imperial Venture Corp. can be found on the SEDAR website at www.sedar.com.

APPENDIX F

IKÄNIK FARMS MD&A

(As at and for the three and nine months ended September 30, 2020 and for the year ended December 31, 2019)

[See attached.]

IKÄNIK FARMS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the three and nine months ended September 30, 2020

Date: March 18, 2021

This Management's Discussion and Analysis ("MD&A") reports on the financial condition and results of operations of Ikänik Farms Inc. ("Ikänik Farms", the "Corporation" or the "Company") for the three and nine months ended September 30, 2020. This MD&A should be read in conjunction with the Corporation's financial statements as at September 30, 2020 for the three and nine months ended September 30, 2020 (the "Financial Statements"), including the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Unless otherwise indicated, all financial information in this MD&A is reported in United States dollars ("\$" or "US\$"), except share amounts. This MD&A was prepared with reference to National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

This MD&A includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws, respectively. Please refer to the discussion of forward-looking information and statements set out under the heading "Cautionary Note Regarding Forward-Looking Information". As a result of many factors, the Corporation's actual results may differ materially from those anticipated in these forward-looking information and statements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain "forward-looking information" within the meaning of applicable Canadian securities laws and "forward-looking statements" within the meaning of applicable United States securities laws, concerning the business, operations and financial performance and condition of the Corporation. "Forward-looking information" and "forward-looking statements" include, but are not limited to, statements relating to:

- the Corporation's expectations regarding legislation, regulations and licensing related to the cannabis market and products;
- the expected number of users of medical cannabis or the size of the medical cannabis market in the U.S.;
- the expected number of users of adult-use cannabis or the size of the adult-use cannabis market in the U.S.;
- the potential size of the regulated medical and adult-use cannabis market in the U.S. and internationally;
- the ability to enter and participate in international market opportunities;
- the Corporation's expectations with respect to the Corporation's future financial and operating performance, including with respect to increases in consulting and professional fees and the anticipated cash profitability of the business;
- the Corporation's expectations with respect to future performance, results and terms of strategic initiatives, and strategic agreements;
- future corporate development;
- expectations with respect to future expenditures and capital activities; and
- statements about expected use of proceeds from fund raising activities.

Generally, this forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events, or results "may", "could", "should", "would", "might", or "will" be "taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, internal and external analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made. Forward-looking information involves known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, but are not limited to, the factors discussed in the section entitled "Risks Factors" herein. Although the Corporation has attempted to identify important factors that could cause actions,

events or results to differ materially from those described in the forward-looking information, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking information. Forward-looking information contained herein is given as at the date of the MD&A. The Corporation does not undertake to update any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

CAUTIONARY NOTE REGARDING CERTAIN MEASURES OF PERFORMANCE

This MD&A presents certain measures that are not recognized measures and do not have any standardized meaning under IFRS. This data may not be comparable to data presented by other entities. For a reconciliation of these measures to the most directly comparable financial information presented in the Financial Statements prepared in accordance with IFRS, see “Non-IFRS Financial Performance Measures” in this MD&A.

The Corporation believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in performing year over year comparisons. However, these non-IFRS financial measures should be viewed as a supplement to, and not a substitute for, the Corporation’s results of operations reported under IFRS.

GENERAL

Overview

Ikänik Farms is a private corporation, originally incorporated in Canada under the *Canada Business Corporations Act*, on April 25, 2018 as “Cannus Partners Inc.” On May 6, 2019, Ikänik Farms filed a certificate of amendment to effect the changing of its name to “Ikänik Farms Inc.” Ikänik Farms continued into the Province of British Columbia on March 30, 2020. The Corporation’s registered office is located at 2200 HSBC Building 885 West Georgia Street, Vancouver BC, V6C 3E8. The Corporation’s head office is located at Scotia Plaza, Suite 2100, 40 King St. W. Toronto, Ontario M5H 3C2.

Ikänik Farms and its subsidiaries (the “**Ikänik Group**”) is a vertically integrated cannabis cultivator, producer, distributor and dispensary operator that is building out its “seed to sale” business across California and the greater northeast of the United States. Ikänik Group’s operations are currently located in California and Colombia.

As used herein, “Ikänik Group,” “we,” “our,” and similar terms include Ikänik Farms and its subsidiaries, unless the context indicates otherwise.

Recent Developments

Closing of Pideka Acquisition

On August 21, 2019, Ikänik Farms entered into a Stock Transfer Agreement (the “**Pideka Agreement**”) with the prior shareholders of Pideka to transfer all of the issued and outstanding shares of Pideka (the “**Pideka Shares**”) to Ikänik Farms in exchange for an aggregate of 33,333,333 common shares of Ikänik Farms at a price of \$1.20 (the “**Pideka Acquisition**”) to be transferred in the amounts and subject to the completion of the conditions (the “**Pideka Conditions**”) set out below:

1. within 10 business days following the receipt of certain regulatory, corporate and tax documentation, each as deemed satisfactory by Ikänik Farms, 16,666,667 Ikänik Farms Common Shares shall be delivered ratably to the former shareholders of Pideka;

2. within 10 business days following the construction, commencement in whole or part of Pideka's property at Tenjo as deemed satisfactory by Ikänik Farms, 8,333,333 Ikänik Farms Common Shares shall be delivered ratably to the former shareholders of Pideka; and
3. within 10 business days following the delivery to Ikänik Farms of a copy of a validly issued GMP certification as deemed satisfactory by Ikänik Farms, the remainder of the Ikänik Farms Common Shares shall be delivered ratably to the former shareholders of Pideka.

On February 18, 2020, Ikänik Farms issued 33,333,333 Ikänik Farms Common Shares to the prior shareholders of Pideka as consideration for the satisfaction by Pideka of each of the Pideka Conditions on February 11, 2020.

Continuance into British Columbia

On March 30, 2020, Ikänik Farms continued into the Province of British Columbia. The Corporation's also changed its registered office to 2200 HSBC Building 885 West Georgia Street, Vancouver BC, V6C 3E8.

Issuance of Penalty Debentures

On May 3, 2019, pursuant to an agency agreement (the "**Agency Agreement**") between Ikänik Farms and Canaccord Genuity Corp. (the "**Agent**"), Ikänik Farms completed a private placement (the "**May 2019 Private Placement**") of 13,139 units at a price of USD\$1,000 per Unit for aggregate gross proceeds of approximately USD\$13,139,000.

Each unit was comprised of a USD\$1,000 convertible debenture of Ikänik Farms and 820 common share purchase warrants, for non-U.S. purchasers, and 8.2 series A share purchase warrants, for U.S. purchasers. Non-U.S. purchasers received Convertible Debentures which were convertible into common shares and common share purchase warrants. U.S. purchasers received Convertible Debentures which were convertible into series A shares and series A share purchase warrants. Immediately prior to the completion of the transactions contemplated under the Definitive Agreement, each Convertible Debenture converted into one common share (in the case of non-U.S. purchasers) or one series A share (in the case of U.S. purchasers) at a conversion price equal to \$0.61 or \$61.00, respectively. Each share purchase warrant issued upon conversion of the units entitled the holder to exercise it for one common share at a price of \$0.79 per common share (or, for U.S. purchasers, one series A share at a price of \$79.00) for a period of 24 months from the date the common shares of Ikänik Farms (or a resulting issuer) are listed on a recognized Canadian stock exchange.

Pursuant to a penalty provision under the 2019 Agency Agreement, if the liquidity event had not taken place within 12 months of the Ikänik Farms 2019 Private Placement closing date, Ikänik Farms was to issue additional: (a) Convertible Debentures on the basis of 10% of an Ikänik Farms 2019 Convertible Debenture for each one (1) Convertible Debenture held, (b) additional common share purchase warrant on the basis of one (1) common share purchase warrant for each ten (10) common share purchase warrants held and (c) additional series A share purchase warrant on the basis of one (1) series A share purchase warrant for each ten (10) series A share purchase warrant held with no fractional securities to be issued. Accordingly, on May 3, 2020, Ikänik Farms issued an additional 1,300 Convertible Debentures, 1,050,748 common share purchase warrants and 266 series A share purchase warrants.

D9C Acquisition

On June 23, 2020 Ikänik Farms entered into a Stock Transfer Agreement with the prior shareholders of D9C Mexico S.A. De C.V. ("**D9C**") to transfer all of the issued and outstanding shares of D9C (the "**D9C Shares**") to Ikänik Farms in exchange for an aggregate of 10,000,000 common shares of Ikänik Farms at a price of \$0.40. On December 7, 2020, Ikänik Farms and D9C mutually terminated the agreement. However, the parties entered into a new agreement on December 14, 2020 with amended terms (the "**D9C Acquisition**"). Pursuant to the D9C Acquisition, the 10,000,000 common shares are to be issued upon the completion of the D9C Conditions (as defined below) but will be held in escrow. The delivery of the common shares to former shareholders of D9C as part of the D9C Acquisition is

conditional upon the receipt of certain regulatory requirements by D9C and Ikänik Farms, including delivery to Ikänik Farms of the following items (the “D9C Conditions”):

1. Within 10 business days following the receipt of certain assignment, corporate and tax documentation, each as deemed satisfactory by Ikänik Farms, 6,000,000 common shares shall be delivered ratably to the former shareholders of D9C at which point ownership and control of D9C shall be transferred to Ikänik Farms;
2. Within 10 business days following the receipt of certain corporate documents, import registrations and certifications and receipt of seeds as deemed satisfactory by Ikänik Farms, 2,000,000 common shares shall be delivered ratably to the former shareholders of D9C; and
3. Within 10 business days following the delivery to Ikänik Farms of a copy of validly issued seed and genetic registration certificates and a cultivation permit satisfactory by Ikänik Farms, 2,000,000 common shares shall be delivered ratably to the former shareholders of D9C.

Ikänik Farms expects that the D9C Conditions will be satisfied by April 2021.

If the satisfaction of each of the D9C Conditions above does not occur by December 23, 2021 Ikänik Farms will transfer the D9C Shares back to the former shareholders of D9C and each of the former shareholders of D9C will transfer any Ikänik Farms Common Shares received as part of the D9C Acquisition back to Ikänik Farms and any Ikänik Farms Common Shares held in escrow shall be cancelled.

Overall Performance

The Company’s overall strategy is to build sustainable, long-term shareholder value by reducing leverage, enhancing liquidity and cost of capital while improving the capacity and capabilities of its future production and facilities while creating quality brands and products that distinguish Ikanik from others in the industry. As part of this strategy, Ikanik will continue to concentrate on expanding its future operations to meet consumer preferences, maintaining discipline for future costs to acclimate to the industry, and focus on providing quality products that appeal to its consumers. As the Company continues to evolve, it will invest in technology platforms that will assist with analyzing information, including transactional and point of sale data. The data and information derived from investing in these platforms will guide future sales and distribution and help Ikanik fulfill its strategies and target future acquisitions.

Selected Interim Financial Information

The following is selected financial data derived from the unaudited Financial Statements of the Corporation for the three and nine months ended as at September 30, 2020.

	2020		2019	
	For the three months ended September 30, 2020	For the nine months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2019
Revenue	\$ 1,027,016	\$ 2,772,313	\$ -	\$ -
Gross Profits	\$ 81,657	\$ 355,956	\$ -	\$ -
Loss from Operations	\$(2,986,939)	\$ (8,229,277)	\$(2,093,051)	\$ (4,979,270)
Net Loss	\$(4,086,126)	\$(9,622,122)	\$(3,350,009)	\$ (7,655,389)
Basic and Fully Diluted Loss Per Share	\$ (0.04)	\$ (0.10)	\$ (0.05)	\$ (0.12)
Statement of Cash Flow Summary				
Cash (used in) operating activities		\$ (2,651,594)		\$ (3,926,979)

Cash (used in) investing activities		\$(2,563,707)		\$(1,337,849)
Cash provided by financing activities		\$ 6,905,249		\$ 9,365,959
Change in cash and cash equivalents		\$ 1,690,034		\$ 4,100,641

As of	September 30, 2020	December 31, 2019
Current Assets	\$5,521,782	\$2,828,443
Total Assets	\$38,374,944	\$35,268,113
Current Liabilities	\$8,931,455	\$6,464,891
Total Liabilities	\$24,813,293	\$20,460,770
Notes:		
As of September 30, 2020, Ikänik Farms has not declared dividends.		

Results of Operations

For the three and nine months ending September 30, 2020, the Company had significant increases in operations recognizing a net loss of \$4,086,126 and \$9,622,122, respectively, compared to \$3,350,009 and \$7,655,389, respectively, for the three and nine months ending September 30, 2019. The Company began recognizing revenues for the first time since inception in 2019 as the commencement of its selling operations began. As part of this growth the Company expanded with additional workforce and overhead related costs for marketing and administrative purposes. As the Company continues to expand through acquisition and organic growth, their operations have increased substantially in 2020 as evidenced by the large increases period over period. The Company continues to utilize its capital and future fundraising to position the Company for strategic growth through a public offering and targeted acquisitions to execute its operating and strategic plans.

For the three months ending September 30, 2020, compared to the three months ending September 30, 2019

Revenues and gross loss

Revenues for the three months ended September 30, 2020 were \$1,027,016 and included wholesale cannabis sales, compared to \$0 for the three months ended September 30, 2019. The initial year of existence for Ikanik began in April 2018 with the start-up phase of their operations commencing with mainly organizational related costs and no revenues. In 2019 Ikanik began its sales process and larger scale marketing efforts as they started to recognize revenues and expand their workforce. The large increase in 2020 from 2019 of \$1,027,016, was related to further expansion as the Company had acquired multiple businesses in the cannabis industry as discussed in this MD&A. In addition to their expansion to Colombia, in 2020 they were now operating on a much larger scale.

Cost of goods sold and gross income for the three months ended September 30, 2020 were \$945,359 and \$81,657, respectively. This was an increase period over period and is consistent with the variance in revenues discussed above. These costs did not exist in 2019 as the Company had just completed its first year of existing and beginning to scale its sales and marketing efforts. As the Company continued to acquire other cannabis businesses, they were able to multiply their operations and grow on a much larger scale in 2020.

Operating expenses

The total operating expenses for the three months ended September 30, 2020 totaled \$3,068,596 compared to \$2,145,326 for the three months ended September 30, 2019. The costs incurred during 2020 were primarily related to general and administrative expenses of \$2,194,057 compared to \$1,373,412 in 2019. The increase in costs period over period of \$820,645 or 60% were primarily related to an increase in compensation related expenses of \$911,455

or 155% in 2020 as there were significant additions to the workforce in 2020 and these costs were beginning to accumulate in 2019 as the Company commenced full scale operations. Professional and consulting costs decreased in 2020 to \$310,823 from \$502,699 in 2019. The decrease of \$191,876 or 38% was related to reduced efforts focused on raising capital and acquisition of target companies. In addition, the company had the addition of significant costs related to licenses, permits, security, office related costs, insurance, and travel totaling \$383,373 compared to \$177,567 in 2019 an increase of \$100,876 or 57% that is consistent with the increase in operations as noted above.

The additional increase to operating expenses period over period was related to marketing and depreciation and amortization costs for the three months ended September 30, 2020 totaling \$52,939 and \$821,600, respectively, compared to \$128,491 and \$643,423, respectively, for the same period in 2019. The decrease to marketing, advertising and promotional costs period over period was \$75,552 or 59% and was related to a reduction in efforts to promote Ikanik's brands and products and scale marketing and sales efforts due to the COVID-19 pandemic and seasonality. The increase in depreciation and amortization of \$178,177 or 28% was related to the additional acquisition of fixed assets used in operations and intangible assets acquired in business combinations and asset acquisitions further explained within this MD&A.

Other income and expenses

The Company had decreases to other net expenses that totaled \$1,099,187 for the three months ended September 30, 2020 compared to \$1,204,683 for the same period in 2019. The decrease of \$105,496 or 9% was primarily related a large decrease in the change in fair value of the warrant liability by \$191,137 or 85% that occurred based on the updated valuation of the Company's equity. Ikanik has also recognized a Foreign Currency Unrealized Gain for the three months ended September 30, 2020 of \$50,196, compared to \$1,214 for the three months ended September 30, 2019.

For the nine months ending September 30, 2020, compared to the nine months ending September 30, 2019

Revenues and gross loss

Revenues for the nine months ended September 30, 2020 were \$2,772,313 and included wholesale cannabis sales, compared to \$0 for the nine months ended September 30, 2019. The initial year of existence for Ikanik began in April 2018 with the start-up phase of their operations commencing with mainly organizational related costs and no revenues. In 2019 Ikanik began its sales process and larger scale marketing efforts as they started to focus on expanding their workforce. The revenues for 2020 equaled the increase in 2020 from 2019 and was related to further expansion as the Company had acquired multiple businesses in the cannabis industry as discussed in this MD&A and began recognizing revenues. In addition to their expansion to Colombia, in 2020 they were now operating on a much larger scale.

Cost of goods sold and gross income for the nine months ended September 30, 2020 were \$2,416,357 and \$355,956, respectively. This equaled the increase period over period and is consistent with the variance in revenues discussed above. These costs did not exist in 2019 as the Company had just completed its first year of existing and beginning to scale its sales and marketing efforts. As the Company continued to acquire other cannabis businesses, they were able to multiply their operations and grow on a much larger scale in 2020.

Operating expenses

The total operating expenses for the nine months ended September 30, 2020 totaled \$8,585,233 compared to \$5,086,690 for the nine months ended September 30, 2019. The costs incurred during 2020 were primarily related to general and administrative expenses of \$5,989,187 compared to \$3,737,215 in 2019. The increase in costs period over period of \$2,251,972 or 60% were primarily related to an increase in compensation related expenses of \$2,091,300 or 156% in 2020 as there were significant additions to the workforce in 2020 and these costs were beginning to accumulate in 2019 as the Company commenced full scale operations. Professional and consulting

costs decreased in 2020 to \$1,124,276 from \$1,619,037 in 2019. The large decrease of \$494,761 or 31% was related to additional efforts focused on raising capital, acquisition of target companies, expansion of existing revenue streams, and accounting and regulatory efforts required as a part of the Company preparing for a public offering and listing on a major exchange. In addition, the company had the addition of significant costs related to licenses, permits, security, office related costs, insurance, and travel totaling \$1,435,905 compared to \$780,472 in 2019 an increase of \$655,433 or 84% that is consistent with the increase in operations as noted above.

The additional increase to operating expenses period over period was related to marketing and depreciation and amortization costs for the nine months ended September 30, 2020 totaling \$173,742 and \$2,422,304, respectively, compared to \$272,944 and \$1,076,531, respectively, for the same period in 2019. The decrease to marketing, advertising and promotional costs period over period was \$99,202 or 36% and was related to a reduction in efforts to promote Ikanik's brands and products and scale marketing and sales efforts due to the COVID-19 pandemic and seasonality. The increase in depreciation and amortization of \$1,345,773 or 125% was related to the additional acquisition of fixed assets used in operations and intangible assets acquired in business combinations and asset acquisitions further explained within this MD&A.

Other income and expenses

The Company had decreases to other net expenses that totaled \$1,392,845 for the nine months ended September 30, 2020 compared to \$2,568,698 for the same period in 2019. The decrease of \$1,175,853 or 46% was primarily related a large decrease in the change in fair value of the warrant liability by \$1,902,595 or 183% that occurred based on the updated valuation of the Company's equity. Ikanik has also recognized a Foreign Currency Unrealized Gain for the nine months ended September 30, 2020 of \$122,172, compared to an unrealized loss of \$26,291 for the nine months ended September 30, 2019. The Company also saw a large increase in interest expense of \$537,029 or 34% which was primarily related to additional accrued interest that occurred as a result of the increase in the debenture balance in addition to a full period of interest expense for 2020 versus 2019 since the debentures were issued in May 2019.

Non-IFRS Financial Results

EBITDA and Adjusted EBITDA loss are non-IFRS measures and do not have standardized definitions under IFRS. The following information provides reconciliations of the supplemental non-IFRS financial measures presented herein to the most directly comparable financial measures calculated and presented in accordance with IFRS. The Company has provided the non-IFRS financial measures, which are not calculated or presented in accordance with IFRS, as supplemental information and in addition to the financial measures that are calculation and presented in accordance with IFRS and may not be comparable to similar measures presented by other issuers. These supplemental non-IFRS financial measures are presented because management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-IFRS financial measures presented provide additional perspectives and insights when analyzing the core operation performance of the business. These supplemental non-IFRS financial measures should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the IFRS financial measures presented here in.

Adjusted EBITDA is defined by the Corporation as earnings before interest, taxes, depreciation and amortization, less certain non-cash equity compensation expenses, including impairments, one-time transaction fees and all other non-cash items. The Corporation considers Adjusted EBITDA an important operational measure for the business. The following table provides a reconciliation of the Company's net loss to adjusted EBITDA (non-IFRS):

	For the three months ended September 30, 2020	For the nine months ended September 30, 2020
Net loss	\$ (4,086,126)	\$ (9,622,122)
Depreciation and amortization	821,600	2,422,304
Interest expense, net	998,103	2,111,243
Income tax expenses	-	-
Earnings before interest, taxes, depreciation,	<u>\$ (2,266,423)</u>	<u>\$ (5,088,575)</u>
Pre-production costs	-	-
Fair value adjustments	34,164	(861,575)
Executive compensation expenses	61,390	184,169
Adjusted EBITDA (Non-IFRS)	<u>\$ (2,170,869)</u>	<u>\$ (5,765,981)</u>

As of September 30, 2020, the Corporation distributed or sold product to over 30 retail dispensaries (non-IFRS). The retail strategy focuses on gaining distribution in retail brands that align with the Corporation's corporate social mission, as well as with the target consumer. The Corporation targets accounts where the brand is most likely to succeed with retail shoppers.

Going Concern

The Corporation's Financial Statements have been prepared under the assumption that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. The Corporation's ability to continue in the normal course of operations is dependent on its ability to raise financing sufficient to maintain operations and there are no assurances that the Corporation will be successful in achieving this goal. For the nine months ended September 30, 2020, the Corporation reported a net loss of \$9,622,122, operating cash outflows of \$2,651,594 and, as of that date, an accumulated deficit of \$22,988,203. These material circumstances cast significant doubt on the Corporation's ability to continue as a going concern and ultimately on the appropriateness of the use of the accounting principles applicable to a going concern. The Corporation's Financial Statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Corporation be unable to continue as a going concern. The Corporation continues to have access to equity and debt financing from private markets, but there are no guarantees that such financing would be available.

Cash Flows

Cash Used in Operating Activities

Net cash used in operating activities was \$2,651,594 for the nine months ended September 30, 2020 compared to \$3,926,979 for the nine months ended September 30, 2019. The decrease in cash used of \$1,275,385 or 32% was primarily due to a decrease in the change in fair value of warrant liability of \$2,110,824. These were offset by a large increase in net loss of \$1,966,733 and increases in additional adjustments to cash used in operation activities

primarily related to depreciation and amortization of \$1,345,773, loss on issuance of debenture penalty of \$208,229, stock compensation expense of \$282,803.

Further the cash used in working capital for the nine months ended September 30, 2020 totaled \$4,546,207 compared to \$961,770 for the same period in 2019. The increase period over period was primarily due to the increases in related party receivable, prepaid expenses, other assets, accounts payable, and accrued interest of \$257,615, \$816,887, \$116,377, \$2,973,646 and \$474,265, respectively. This was offset primarily by decreases from 2019 to 2020 in inventories of \$408,797.

Cash Flow from Investing Activities

Net cash used in investing activities was \$2,563,707 for the nine months ended September 30, 2020 compared to \$1,337,849 for the same period in 2019. The increase of \$1,225,858 or 92% was primarily due to purchases of property and equipment of to be used in operations and for their corporate offices. The Company had a large amount of deposits on purchases of property and equipment in 2020 totaling \$2,222,335.

Cash Flow from Financing Activities

Net cash provided from financing activities was \$6,905,249 for the nine months ended September 30, 2020 compared to \$9,365,959 for the same period in 2019. The large decrease was primarily due to decrease in proceeds from convertible debentures of \$12 million of net cash inflows from the issuance of convertible debentures that occurred in 2019 versus a small inflow for debentures of \$100,000. This was offset by a large increase in inflows of \$7.5 million for the issuance of equity that occurred during the nine months ended September 30, 2020. The Company also had other cash inflows and outflows related to the issuance and repayment of shareholder loans and repayments of lease liabilities.

Liquidity, Financing Activities, and Capital Resources

Liquidity

Capital resources are financing resources available to the Company and are defined as the Company's debt and equity. The Company manages its capital resources with the objective of maximizing shareholder value and sustaining future development of the business. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the Company's activities. The Company may adjust capital spending, issue new equity, issue new debt or repay existing debt, subject to the availability of commercial terms. The Company will require additional financing in the near term as it continues to commence operations since its future revenues will not be enough to support its on-going operations and capital needs.

The Company's primary need for liquidity is to fund capital expenditures, working capital requirements, debt service requirements and for general corporate purposes. The Company's primary source of liquidity to date has been from funds received from the proceeds of equity issuances and debt financing. The Company's ability to fund operations, make planned capital expenditures and meet debt service requirements depends on future operating performance and cash flows, as well as the availability of future financing – all of which is subject to prevailing economic conditions and financial, business and other factors.

The Company plans to access the capital markets to raise additional liquidity. For example, the Company has plans to file a listing statement in early 2021 allowing it to complete the CIVC Reverse Take Over ("RTO") as discussed within this MD&A. There can be no guarantee that the Company will be able to raise additional capital on terms acceptable to it or at all.

The financial statements for the three and nine months ended September 30, 2020 are prepared on a going concern basis. The Company is an early-stage company and has accumulated significant losses to date. Furthermore, the Company and certain of its subsidiaries have a limited operating history and a history of negative cash flow from

operating activities. These conditions, combined with the Company's dependence on third party financing in the near term to fund its business plan, indicate the existence of a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern.

Management believes its current capital resources and its ability to manage cash flow and working capital levels will require the Company to seek future additional financing to allow it to meet its obligations, to make future debt service requirements, and to fund the other needs of its business. However, no assurance can be given that future sources of capital will be available. The ability of the Company to continue as a going concern is dependent on raising capital to fund its business plan and ultimately to attain profitable operations. Any delay or failure to complete any additional financing would have a material adverse effect on the Company's business, results of operations and financial condition, and the Company may be forced to reduce or cease its operations or seek relief under applicable bankruptcy law. The financial statements for the three and nine months ended September 30, 2020 do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

The Corporation, through its subsidiaries, leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2025 and contain renewal provisions. The Corporation's total principal and interest related to their leases payments for the nine months ended September 30, 2020 was approximately \$0.9 million.

Financing Activities

On February 24, 2020 Ikänik Farms completed a non-brokered private placement of 1,897,429 common shares at a price of \$1.20 per common shares for aggregate gross proceeds of \$2,276,913.

On April 21, 2020 Ikänik Farms completed a non-brokered private placement of 11,250 series A share units (consisting of one series A share and one series A share purchase warrant) at a price of \$40.00 per series A share unit for aggregate gross proceeds of \$450,000.

On June 23, 2020 Ikänik Farms completed a private placement of 100 Convertible Debentures at a price of \$1,000 per unit for aggregate gross proceeds of approximately \$100,000. Immediately prior to the completion of the Reverse Take-Over, each Convertible Debenture converted into that number of units that equal to the principal amount of the Convertible Debenture (plus any interest accrued thereon) divided by a conversion price as set forth in the subscription agreements to the private placement. Each unit consisted of one common share and one common share purchase warrant entitling the holder to exercise it for one common share at a price that is equal to 1.3 times the conversion price for a period of two years from the date of issuance.

On September 18, 2020 Ikänik Farms completed a non-brokered private placement of 14,464,482 common share units (consisting of one common share and one common share purchase warrant) at a price of \$0.40 per common share unit for gross proceeds of \$5,785,792.75.

The cash proceeds from the transactions have been used for working capital and acquisition purposes.

Capital Resources

As of September 30, 2020, the Corporation had total current liabilities of \$8,931,455 and cash of \$3,368,834 to meet its current obligations. At that date, the Company had negative working capital of \$3,409,673 on account of accounts payable and accrued expenses of \$4,651,901 related to ongoing operations and vendor payables. The Company also has current amounts due for leases totaling \$3,031,193, notes payable of \$44,512, due to shareholder of \$109,887, warrant liability of \$353,962, and \$740,000 due related to purchase of High End, LLC. These current obligations are offset by accounts receivable of \$737,113, inventories of \$845,892, related party receivable of \$32,951, and

\$536,992 of prepaid expenses and other current assets. In addition, the issuance of convertible debentures and private placement discussed in this MD&A also increased the cash position of Ikanik.

The Company has future commitments as noted below for non-cancelable operating leases as of September 30, 2020.

The Company's minimum lease payments are as follows:

<u>Year Ended December 31,</u>	
2020	\$ 418,305
2021	4,945,498
2022	2,382,504
2023	1,036,544
2024	800,508
Thereafter	<u>457,837</u>
Total lease payments	10,041,196
Less: Interest	<u>(5,018,849)</u>
Present value of lease liabilities	5,022,347
Less: short-term lease liabilities	<u>(3,031,193)</u>
Present value of long-term lease liabilities	<u>\$ 1,991,154</u>

Subsequent to September 30, 2020, the Company secured the following funding tranches to further support ongoing operations and the negative working capital that existed at that time:

- On November 13, 2020, the Company completed a non-brokered private placement of 6,484,940 Ikanik Farms Common Share units at a price of \$0.55 USD per Ikanik Farms Common Share unit for gross proceeds of \$3,566,717. Each Ikanik Farms Common Share unit was comprised of one Ikanik Farms Common Share and one Ikanik Farms Common Share Warrant, with each whole warrant exercisable into one Ikanik Farms Common Share at \$0.75 per share expiring 24 months from the date of a liquidity event.
- On January 8, 2021, Ikanik Farms issued a total of 125,000 Ikanik Farms Common Shares and 5,908 Ikanik Farms Series A Shares at a price of \$0.40 and \$40.00, per Ikanik Farms Common Share and Ikanik Farms Series A Share, respectively, representing a dollar amount of \$286,320 in the aggregate, to employees and one supplier of Ikanik Farms in satisfaction of services previously rendered.

Management believes with the additional funding sources noted above will be able to support future operations of the Company through at least March 2021 at which time the Company plans on to secure additional funding through their public offering.

Off-Balance Sheet Arrangements

As of the date of this filing, the Corporation does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation, including, and without limitation, such considerations as liquidity and capital resources.

Related Party Transactions

The Company's key management personnel have the authority and responsibility for planning, directing, and controlling the activities of the Company and consists of the Company's executive management team and management directors. Other than the transactions described below for the nine months ended September 30, 2020

and year ended December 31, 2019, there were no material transactions with or changes to other related party balances as of September 30, 2020 and December 31, 2019. Key management personnel compensation and other related party expenses for the three and nine months ended September 30, 2020 and 2019 are as follows:

	<u>Nine months ended</u> <u>September 30, 2020</u>	<u>Year ended</u> <u>December 31, 2019</u>
Management compensation	\$ 184,169	\$ 240,953
Stock compensation expense	412,830	596,048

At September 30, 2020, the Company accrued for a balance of \$108,887 due to certain shareholders for reimbursable company expenses that were paid on the Company's behalf. The balance was repaid during the fourth quarter of 2020.

The Company also acquired \$0 and \$23,292, respectively, in property and equipment during the nine months ended September 30, 2020 and the year ended December 31, 2019 and also incurred \$38,528 and \$536,839, respectively, in consulting fees from a related party owned by a shareholder during the same periods. As of September 30, 2020 and December 31, 2019 the Company had an outstanding balance due to this related party of \$32,951 and \$145,283, respectively, from advances to the Company. The advances are non-interest bearing and due on demand.

Proposed Transactions

On April 2, 2019, Canadian Imperial Venture Corp. ("CIVC") and Ikänik Farms entered into a definitive agreement on April 2, 2019 pursuant to which CIVC will acquire all of the issued and outstanding shares of the Corporation in exchange for shares of the resulting issuer (the "**Definitive Agreement**"). The proposed transaction will result in a reverse takeover of CIVC by the Corporation (the "**Reverse Take-Over**") and will have no effect on the financial condition, financial performance and cash flows of the Corporation. The proposed transaction is subject to shareholder and regulatory approval.

Share Based Compensation

The Corporation has granted options to employees during the period.

Risk Factors

Please refer to the Listing Statement of the Corporation filed with Canadian Securities Exchange to which this MD&A is appended (the "**Listing Statement**") for discussions on risk factors related to the Corporation.

Changes in or Adoption of Accounting Practices

The following IFRS standards have been recently issued by the IASB. The Corporation is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Corporation have been excluded herein.

IFRIC 23 - Uncertainty over Income Tax Treatments, was issued by IASB on June 7, 2017. The interpretation provides guidance on the accounting for current and deferred tax assets and liabilities in circumstances in which there is uncertainty over income tax treatments. IFRIC 23 requires the entity to contemplate whether uncertain tax treatments should be considered separately or as a group based on the predictability of the resolution. In addition, the entity should assess if the tax authority will accept uncertain tax treatments, and in the case where it is not probable, the interpretation requires the entity to reflect the uncertainty with disclosure of the most likely amount and the expected value of the income tax payable or recoverable. The

interpretation is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The adoption of this standard on January 1, 2019 did not have any impact on the Company's financial statements.

IFRS 16 – Leases In January 2016, the IASB issued IFRS 16, “Leases”, which replaces IAS 17, “Leases” and related interpretations. The standard introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases with a term exceeding twelve months, unless the underlying asset is insignificant. A lessee is required to recognize a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company adopted the standard on January 1, 2019 using the modified retrospective method, which provides lessees a method for recording existing leases at adoption with no restatement of prior comparative periods.

The Company elected to apply the following recognition exemptions and practical expedients, as described under IFRS 16:

- Recognition exemption of short-term leases;
- Application of a single discount rate to a portfolio of leases with similar characteristics;
- Application of hindsight in determining the applicable lease term at the date of transition; and
- Election to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The majority of the Company's property leases, which were previously treated as operating leases, were impacted by IFRS 16. The adoption of IFRS 16 has resulted in:

- Higher non-current assets related to the initial recognition of the present value of the Company's unavoidable future lease payments as right-of-use assets under property and equipment, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the consolidated statement of financial position as of January 1, 2019;
- Higher current and non-current liabilities related to the concurrent recognition of lease liabilities, which are measured at the present value of the remaining fixed lease payments, discounted by our incremental borrowing rate of 25.0% as of January 1, 2019;
- Replacement of rent expense previously recorded in general and administrative expense with depreciation expense of these right-of-use assets and higher finance costs related to the accretion of interest expense of the corresponding lease liabilities; and
- Variable lease payments that do not depend on an index or rate and non-lease components are expensed as incurred.

The new standard does not change the amount of cash transferred between the lessor and lessee but impacts the presentation of the operating and financing cash flows by decreasing operating cash flows and increasing financing cash flows.

Adjustments to opening balances resulting from the initial adoption of IFRS 16, with the effects of transition being recognized directly to retained earnings is as follows:

	As Previously Reported Under IAS 17	IFRS 16 Transition Adjustments	As Reported Under IFRS 16
Property and Equipment, Net	\$ 21,078	\$ 380,956	\$ 402,034
Lease Liabilities	\$ -	\$ (380,956)	\$ (380,956)
Deferred Rent	\$ 6,339	\$ (6,339)	\$ -

A reconciliation of the operation lease commitments as of June 29, 2019 to the opening balance of the lease liabilities at the date of adoption is as follows:

Operating Lease Commitments as of December 31, 2018	\$ 684,278
Lease Liabilities Recognized as of January 1, 2019	-
Short-term Lease Payments Excluded	(42,000)
Effect of Discounting Using the Lessee's Incremental Borrowing Rate	(261,322)
Lease Liabilities Recognized as of January 1, 2019	<u>\$ 380,956</u>

As a result of adopting IFRS 16, the Company updated its lease accounting policies as follows:

The Company has real estate leases for retail stores, cultivation facilities, corporate offices, and equipment leases. At inception of a contract, the Company estimates whether the contract includes a lease. A contract contains a lease if it includes enforceable rights and obligations under which the right to control the use of an identified asset is conveyed for a period of time in exchange for consideration. The Company recognized a ROU asset and a lease liability at the commencement date – the date when the asset is available for use by the lessee.

The Company assesses at lease commencement whether it is reasonably certain to exercise extension or termination options. The Company reassesses its lease portfolio to determine whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The extension options which are considered reasonably certain to be exercised are mainly those for which operational decisions have been made which make the leased assets vital to the continued relevant business activities.

Liabilities arising from a lease are initially measured at the present value of the lease payments that are not paid at that date discounted using the Company's incremental borrowing rate. Lease liabilities include the value of the following payments:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Penalties for early termination of the lease, if the lease term reflects the Company exercising an option to terminate the lease.

The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is decreased by cash paid less interest expense incurred. The lease liability is remeasured when there is a change in future lease payments, or if the Company changes its assessment of whether it will exercise an

extension, purchase, or termination option. ROU assets are measured at cost and are comprised of the following:

- The amount of the initial measurement of lease liability;
- Lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- An estimate of costs of dismantling and removing the underlying asset, restoring the site on which it is located or the underlying asset, if applicable.

The ROU asset is depreciated on a straight-line basis from the commencement date to the end of the lease term. The depreciation expense on ROU assets replaces rent expense. The value of the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain revaluations of the lease liability.

Financial Instruments and Financial Risk Management

The Company has adopted IFRS 9, *Financial Instruments*. IFRS 9 introduces new requirements for the classification and measurement of financial assets and hedge accounting. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss (“FVTPL”) or through other comprehensive income (“FVOCI”); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivables and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets.

As the Company was founded in April 2018, IFRS was adopted upon the Company’s inception.

Financial Instruments

The Company accounts for its financial instruments in accordance with IFRS 9, *Financial Instruments*. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss (“FVTPL”) or through other comprehensive income (“FVOCI”); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivables and other financial liabilities categories. IFRS 9 also includes an expected credit loss model for the purpose of assessing the impairment of financial assets.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are incremental and are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The classification of financial instruments dictates how these assets and liabilities are measured subsequently in

the Company's consolidated financial statements.

(i) Financial Instruments Measured at Fair Value Through Profit or Loss

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of sale in the near term. Derivative financial instruments that are not designated and effective as hedging instruments are also classified as FVTPL. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period. Financial assets in this category include certain short-term investments, derivatives and contingent consideration.

(ii) Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Financial assets in this category include cash and cash equivalents, short-term investments, trade receivables, other receivables, and loans receivable.

(iii) Impairment of Financial Assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Company recognizes expected credit losses ("ECL") for trade receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime ECLs at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Trade receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

For financial assets carried at amortized cost, the Company recognizes loss allowances for ECLs on its financial assets measured at amortized cost. ECLs are a probability-weighted estimate of credit losses. The Company applies a three-stage approach to measure ECLs. The Company measures loss allowance at an amount equal to 12 months of expected losses for performing loans receivable if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected losses on loans receivable that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses which are credit impaired (Stage 3).

The Company considers a significant increase in credit risk to have occurred if contractual payments are more than 30 days past due and considers the loans receivable to be in default if they are 90 days past due. A significant increase in credit risk or default may have also occurred if there are other qualitative factors (including forward looking information) to consider; such as borrower specific information (i.e., change in credit assessment).

Objective evidence of impairment of financial assets carried at amortized cost exists if the counterparty is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counterparty that would not normally be granted, or it is probable the counterparty will enter into bankruptcy or a financial reorganization.

(iv) Financial Liabilities Measured at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired. Financial liabilities in this category include accounts payable and accrued liabilities and deferred consideration and other payables.

Summary of the Company's Classification and Measurements of Financial Assets and Liabilities

	IFRS 9	
	Classification	Measurement
Cash and cash equivalents	FVTPL	Fair value
Accounts receivable	Amortized cost	Amortized cost
Deposits on property and equipment	Amortized cost	Amortized cost
Other Assets	Amortized cost	Amortized cost
Accounts payable and accrued expenses	Amortized cost	Amortized cost
Due to shareholder	Amortized cost	Amortized cost
Due to seller	Amortized cost	Amortized cost
Notes payable	Amortized cost	Amortized cost
Derivative liability	FVTPL	Fair value
Warrant liability	FVTPL	Fair value
Convertible debentures	Amortized cost	Amortized cost

Financial Risk Management

The Corporation is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Corporation's risk management processes:

Credit Risk

Credit risk is the risk of a potential loss to the Corporation if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at September 30, 2020 is the carrying amount of cash and cash equivalents.

The Corporation provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk, but has limited risk as the majority of its sales are transacted with cash.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations associated with financial liabilities. The Corporation manages liquidity risk through the management of its capital structure. The Corporation's

approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Market Risk

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Corporation's financial debts have fixed rates of interest and therefore expose the Corporation to a limited interest rate fair value risk.

(b) Currency Risk

As the Corporation's operations are located in the United States, the Corporation is subject to currency transaction and translation risks.

The Corporation holds cash in Canadian dollars and U.S dollars. The Corporation raises capital in Canadian capital markets and thus is exposed to fluctuations in the Canadian dollar relative to the U.S dollar, specifically in relation to USD denominated liabilities.

As at September 30, 2020, the Corporation had no hedging agreements in place with respect to foreign exchange rates, however management monitors the Canadian and U.S currency markets closely and continuously assesses the need to enter into currency hedging arrangements. The Corporation has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Financial Statement Classifications

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Accounts Receivable

Accounts receivable are classified as financial assets initially recognized at fair value and subsequently measured at amortized cost, less any provisions for impairment. When an account receivable is uncollectible, it is written off against the provision.

Inventories

Inventories of purchased finished goods and packaging materials are initially valued at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Company reviews inventory for obsolete, redundant, and slow-moving goods and any such inventory is written down to net realizable value.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets. As of September 30, 2020 and December 31, 2019, the Company's property and equipment consists of computer software & hardware, furniture & equipment, leasehold improvements, and vehicles, each with the estimated useful lives shown below. The Company's right-of-use assets for property and equipment leases are

depreciated over the lease terms. The assets' useful lives are reviewed at each financial year end and adjusted prospectively if appropriate.

	<u>Estimated Useful Life</u>
Computer software & hardware	3-6 years
Furniture & equipment	3-10 years
Leasehold improvements	3-6 years
Vehicles	5-6 years
Right-of-use assets	3-10 years

As of September 30, 2020 and December 31, 2019, a total of \$3,812,849 and \$1,590,514, respectively, in deposits have been paid for property and equipment purchases of which the Company plans to take possession during the year ended December 31, 2020.

Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date or date of consolidation/control. Amortization of definite-lived intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

Market related intangible assets	5 years
Customer relationships	5 years

The estimated useful lives and residual values are reviewed at each year end, and any changes in estimates are accounted for prospectively. Intangible assets that have an indefinite useful life are not subject to amortization. The Company's indefinite-lived intangible assets consist of licenses, which, for valuation purposes, represent the future benefits associated with the Company's cultivation, processing, and dispensary licenses. Absent such license intangibles, the Company cannot continue as a going concern and as such, there is no foreseeable limit to the period over which these assets are expected to generate future cash inflows to the Company.

Definite-lived intangible assets are tested for impairment when there is an indication of impairment. Indefinite-lived intangible assets are tested for impairment annually or more frequently as warranted if events or changes in circumstances indicate impairment (refer to Note 10 for additional detail on impairment tests). For the three and nine months ended September 30, 2020 and 2019, there was no impairment recorded as the Company assesses for impairment at calendar year end and records the loss at that time.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of a business over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash-generating unit ("CGU") or CGUs which are expected to benefit from the synergies of the combination.

Goodwill is tested for impairment annually or more frequently as warranted if events or changes in circumstances indicate impairment. For the purpose of impairment testing, goodwill and indefinite-lived intangible assets have been allocated to CGUs or groups of CGUs representing the lowest level that the assets are monitored for internal reporting purposes. Goodwill and indefinite-lived intangible assets are tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount (the

higher of the asset's fair value less costs of disposal and value-in-use); an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment loss is recognized in the Consolidated Statements of Operations and Comprehensive Loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. The Company's most recent goodwill impairment test during the fourth quarter of 2019 did not result in the recognition of any impairment losses. The Company has not recorded any goodwill impairment for the three and nine months ended September 30, 2020 and 2019.

Business Combinations and Asset Acquisitions

The Company assesses whether an acquisition should be accounted for as an asset acquisition or a business combination under IFRS 3. This assessment requires management to make judgements on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business and the Company obtains control of the business inputs and processes.

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method.

The total consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred by the acquirer, and the liabilities incurred by the acquirer to former owners of the acquiree, in exchange for control of the acquiree at the acquisition date. The acquisition date is the date where the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. The consideration transferred also includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. The measurement period is the period from the acquisition date to the date complete information about facts and circumstances that existed as of the acquisition date is received. However, the measurement period does not exceed one year from the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognized in profit or loss.

Revenue Recognition

The Company's primary source of revenue is from wholesale of cannabis products to dispensary locations. The Company accounts for revenue recognition in accordance with IFRS 15, Revenue from Contracts with Customers, which includes a five-step model for contracts with customers as follows:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price, which is the total considerations provided by the customer;
4. Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5. Recognize revenue when the relevant criteria are met for each unit (at a point in time or over a period of time).

The Company recognizes revenue upon satisfaction of the performance obligation, when control of the promised goods is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods, upon delivery and acceptable by customers.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent they relate to items recognized directly in equity or other comprehensive income (loss).

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

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

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

Warrant Liability (Derivative Liabilities)

The Company evaluates all of its agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then revalued at each reporting date, with changes in the fair value reported in the Consolidated Statements of Operations and Comprehensive Loss. In calculating the fair value of derivative liabilities (specifically warrant liability), the Company uses a valuation model. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the Consolidated Statements of Financial Position as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the Consolidated Statements of Financial Position date.

Stock-Based Compensation

The Company measures equity settled stock-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For stock-based payments granted to non-employees, the compensation expense is measured at the fair value of goods and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of stock-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments.

For awards where the holder has the election of settling their award in either cash or equity, the fair value of stock-based compensation is remeasured at the end of each reporting period until the corresponding awards vest. The Company did not have any such awards outstanding at September 30, 2020 or December 31, 2019.

Critical Accounting Estimates and Judgements

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgements, estimates, and assumptions that have the most significant effect on the amounts recognized in the accompanying consolidated financial statements are described below.

(i) ECL on Trade Receivables

The Company calculates ECLs for trade receivables based on the historical default rates over the expected life of the trade receivable and adjusts for forward-looking estimates, which is determined through the exercise of judgment.

(ii) Inventory

In calculating the value of inventory, management compares the inventory cost to estimated net realizable value to determine if the cost of any inventory exceeds its net realizable value, such as in cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

(iii) Estimated Useful Lives, Depreciation of Property and Equipment, and Amortization of Intangible Assets

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment.

Amortization of intangible assets is dependent upon estimates of useful lives which are determined through the exercise of judgment.

(iv) Property and Equipment Impairment

The Company evaluates the carrying value of long-lived assets at the end of each reporting period whenever there is any indication that a long-lived asset is impaired. Such indicators include evidence of physical damage, indicators that the economic performance of the asset is worse than expected, or that the decline in asset value is more than the passage of time or normal use, or significant changes occur with an adverse effect on the Company's business. If any such indication exists, the Company estimates the recoverable amount of the asset.

An asset is impaired when its carrying amount exceeds its recoverable amount. The Company measures impairment based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset. The fair value is determined primarily by using the projected future cash flows discounted at a rate commensurate with the risk involved as well as market valuations. Losses on long-lived assets to be disposed of are determined in a similar manner, except that the fair values are reduced for an estimate of the cost to dispose or abandon.

(v) Goodwill and Indefinite-Lives Intangible Asset Impairment

Goodwill and indefinite-lived intangible assets are tested for impairment annually during the fourth quarter and whenever events or changes in circumstances indicate that the carrying amount of these assets has been impaired. In order to determine if the value of these assets has been impaired, the CGU to which the assets have been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts, market data and discount rates. Changes in the conditions for these judgements and estimates can significantly affect the assessed value of goodwill and indefinite-lived intangibles. The Company has determined that the goodwill associated with all acquisitions belongs to each respective state as this is the lowest level at which management monitors goodwill and indefinite-lived intangibles. See Note 6 for additional detail.

(vi) Business Combinations and Asset Acquisitions

Determination of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business. The classification can have a significant impact on the accounting on and subsequent to the acquisition date.

a. Business Combinations

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for by applying the acquisition method. The total consideration transferred in a business combination is the sum of the fair values of assets transferred, liabilities incurred or assumed, and equity interests issued by the

acquirer in exchange for control of the acquiree. The acquisition date is the date where the Company obtains control of the acquiree. The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS 3 Business Combinations provides exceptions to recording the amounts at fair value. Acquisition costs are expensed to profit or loss.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management exercises judgement in estimating the probability and timing of when contingent payments are expected to be made and at what amounts, which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Non-controlling interest in the acquiree, if any, is recognized either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets, determined on an acquisition-by-acquisition basis. For each acquisition, the excess of total consideration over the fair value of previously held equity interest prior to obtaining control, and the non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill.

b. Asset Acquisitions

Acquisitions that do not meet the definition of a business combination are accounted for as an asset acquisition. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Goodwill is not recorded as a result of an asset acquisition.

(vii) Stock-Based Compensation, Compound Financial Instruments

In calculating the share-based compensation expense and the value of compound financial instruments, key estimates such as the rate of forfeiture of awards granted, the expected life of options, the volatility of the Company's stock price and the risk-free interest rate are used.

(viii) Income Tax

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these

tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(ix) Implementation of IFRS 16

The adoption of IFRS 16, Leases, required, as of January 1, 2019, the Company to assess its significant judgments and certain key estimates when apply the standard as noted below and in Note 5.

Critical judgements required in the application of IFRS 16 include the following:

- Identifying whether a contract or part of a contract includes a lease at inception of the contract. The Company's assessment includes the exercise of judgement about whether the contract depends on a specific asset, whether the Company obtains substantially all the economic benefits from the use of the asset, and whether the Company has the right to direct the use of the asset and non-lease components;
- Identifying lease components and allocating the consideration to each lease component on the basis of the relative stand-alone price of each lease component. The Company assesses each lease component for a right to use an underlying asset and, if necessary, determines the relative stand-alone price for each lease component based on current market prices;
- Determining whether it is reasonably certain that an extension, purchase or termination option will be exercised, on a lease by lease basis. The Company considers all facts and circumstances and examines whether there is an economic incentive or penalty affecting the decision to exercise an option; and
- Establishing whether there are multiple leases in an arrangement. The Company's assessment includes the exercise of judgement whether it has the right to control multiple assets within a contract.

Key sources of estimation uncertainty in the application of IFRS 16 include the following:

- Estimating the lease term. The Company determines the lease term as the non-cancellable period of the lease at the commencement date, adjusted for any purchase, renewal or termination options it deems reasonably certain to exercise;
- Determining the appropriate incremental borrowing rate specific to each leased asset. The Company establishes incremental borrowing rates used as discount factors in discounting payments reflecting the Company's borrowing rate, duration of lease term and credit spread; and
- Assessing whether a ROU asset is impaired if indicators are present.

Unanticipated changes in these judgements or estimates could affect the identification and determination of the fair value of lease liabilities and ROU assets at initial recognition, as well as the subsequent measurement of lease liabilities and ROU assets. Changes in the economic environment or changes in the cannabis and retail industry may impact management's assessment of lease terms, and any changes in Management's estimate of lease terms may have a material impact on the Company's statement of financial position and Statement of Operations and Comprehensive Loss. In addition, the Company's assessed incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment and cannabis industry and the Company's creditworthiness.

These items could potentially result in changes to amounts reported in the Consolidated Statements of Operations and Comprehensive Loss and Financial Position of the Company.

Signification Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Additional Disclosure for Venture Issuers without Significant Revenue

A breakdown of all material components of expenses of the Corporation is set forth in the interim condensed financial statements for the three and nine month periods ending September 30, 2020.

Description of Securities Outstanding

As at September 30, 2020, Ikänik Farms had 61,193,178 common shares, 508,887 series A shares, 4,140,000 options, 70,400 series A options, 28,259,695 common share purchase warrants, 18,364 series A share purchase warrants, 14,182,000 convertible debentures convertible into common shares, 357,000 convertible into series A shares 520,066 broker warrants and 973,344 advisory warrants issued and outstanding. The terms of the convertible securities are set out in the Listing Statement and throughout this MD&A.

Subsequent Events

Ikänik Farms 2020 November Private Placement

On November 13, 2020 Ikänik Farms completed a non-brokered private placement of 6,484,940 common share units (consisting of one common share and one common share purchase warrant) at a price of \$0.55 per common share unit for aggregate gross proceeds of \$3,566,717.

D9C Acquisition

On December 14, 2020 Ikänik Farms entered into a Stock Transfer Agreement with the prior shareholders of D9C Mexico S.A. De C.V. to transfer all of the issued and outstanding shares of D9C to Ikänik Farms in exchange for an aggregate of 10,000,000 common shares of Ikänik Farms at a price of \$0.40. The 10,000,000 common shares are to be issued upon the completion of the D9C Conditions but will be held in escrow. The delivery of the common shares to former shareholders of D9C as part of the D9C Acquisition is conditional upon the receipt of certain regulatory requirements by D9C and Ikänik Farms, including delivery to Ikänik Farms of the following items:

1. Within 10 business days following the receipt of certain assignment, corporate and tax documentation, each as deemed satisfactory by Ikänik Farms, 6,000,000 common shares shall be delivered ratably to the former shareholders of D9C at which point ownership and control of D9C shall be transferred to Ikänik Farms;
2. Within 10 business days following the receipt of certain corporate documents, import registrations and certifications and receipt of seeds as deemed satisfactory by Ikänik Farms, 2,000,000 common shares shall be delivered ratably to the former shareholders of D9C; and

3. Within 10 business days following the delivery to Ikänik Farms of a copy of validly issued seed and genetic registration certificates and a cultivation permit satisfactory by Ikänik Farms, 2,000,000 common shares shall be delivered ratably to the former shareholders of D9C.

Ikänik Farms expects that the D9C Conditions will be satisfied by April 2021.

If the satisfaction of each of the D9C Conditions above does not occur by December 23, 2021 Ikänik Farms will transfer the D9C Shares back to the former shareholders of D9C and each of the former shareholders of D9C will transfer any common share of Ikänik Farms received as part of the D9C Acquisition back to Ikänik Farms and any common share held in escrow shall be cancelled.

Ikänik Farms 2021 January Issuance

On January 8, 2021, Ikänik Farms issued a total of 125,000 Ikänik Farms Common Shares and 5,908 Ikänik Farms Series A Shares at a price of \$0.40 and \$40.00, per Ikänik Farms Common Share and Ikänik Farms Series A Share, respectively, representing a dollar amount of \$286,320 in the aggregate, to employees and one supplier of Ikänik Farms in satisfaction of services previously rendered.

Ikänik Farms 2021 Post-Listing Private Placement

On March 8, 2021, Ikänik Farms entered into an irrevocable subscription agreement (the “**Subscription Agreement**”) with an arm’s length third party (the “**Subscriber**”) to complete a non-brokered private placement (the “**Post-Listing Private Placement**”) in common shares of the Resulting Issuer for aggregate gross proceeds of \$30,000,000 (the “**Subscription Amount**”), payable upon closing of the Post-Listing Private Placement. Pursuant to the terms of the Subscription Agreement, the Subscriber will receive such number of Resulting Issuer Subordinate Voting Shares as is equal to the Subscription Amount divided by 90% of the volume weighted average price per Resulting Issuer Subordinate Voting Share during the ten (10) consecutive trading days immediately prior to the applicable date of calculation, with such date being a date that is no earlier than the fifteenth (15th) business day and no later than the forty-fifth (45th) business day following the completion of the Liquidity Event, to be selected by the Resulting Issuer. The Subscription Agreement contains various conditions to closing, including, but not limited to, the receipt of all necessary approvals and consents, including regulatory approvals and the approval of the CSE in respect of the Post-Listing Private Placement and also stipulates that the Resulting Issuer Subordinate Shares shall not be issued at a price that is lower than the amount permitted pursuant to the policies of the CSE.

IKÄNIK FARMS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the year ended December 31, 2019

Date: March 18, 2021

This Management's Discussion and Analysis ("MD&A") reports on the financial condition and results of operations of Ikänik Farms Inc. ("Ikänik Farms" or the "Corporation") for the year ended December 31, 2019. This MD&A should be read in conjunction with the Corporation's audited consolidated financial statements as at December 31, 2019 (the "Financial Statements"), including the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Unless otherwise indicated, all financial information in this MD&A is reported in United States dollars ("\$" or "US\$"), except share amounts. This MD&A was prepared with reference to National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

This MD&A includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws, respectively. Please refer to the discussion of forward-looking information and statements set out under the heading "Cautionary Note Regarding Forward-Looking Information". As a result of many factors, the Corporation's actual results may differ materially from those anticipated in these forward-looking information and statements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain "forward-looking information" within the meaning of applicable Canadian securities laws and "forward-looking statements" within the meaning of applicable United States securities laws, concerning the business, operations and financial performance and condition of the Corporation. "Forward-looking information" and "forward-looking statements" include, but are not limited to, statements relating to:

- the Corporation's expectations regarding legislation, regulations and licensing related to the cannabis market and products;
- the expected number of users of medical cannabis or the size of the medical cannabis market in the U.S.;
- the expected number of users of adult-use cannabis or the size of the adult-use cannabis market in the U.S.;
- the potential size of the regulated medical and adult-use cannabis market in the U.S. and internationally;
- the ability to enter and participate in international market opportunities;
- the Corporation's expectations with respect to the Corporation's future financial and operating performance, including with respect to increases in consulting and professional fees and the anticipated cash profitability of the business;
- the Corporation's expectations with respect to future performance, results and terms of strategic initiatives, and strategic agreements;
- future corporate development;
- expectations with respect to future expenditures and capital activities; and
- statements about expected use of proceeds from fund raising activities.

Generally, this forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events, or results "may", "could", "should", "would", "might", or "will" be "taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, internal and external analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made. Forward-looking information involves known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, but are not limited to, the factors discussed in the section entitled "Risks Factors" herein. Although the Corporation has attempted to identify important factors that could cause actions,

events or results to differ materially from those described in the forward-looking information, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking information. Forward-looking information contained herein is given as at the date of the MD&A. The Corporation does not undertake to update any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

CAUTIONARY NOTE REGARDING CERTAIN MEASURES OF PERFORMANCE

This MD&A presents certain measures that are not recognized measures and do not have any standardized meaning under IFRS. This data may not be comparable to data presented by other entities. For a reconciliation of these measures to the most directly comparable financial information presented in the Financial Statements prepared in accordance with IFRS, see “Non-IFRS Financial Performance Measures” in this MD&A.

The Corporation believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in performing year over year comparisons. However, these non-IFRS financial measures should be viewed as a supplement to, and not a substitute for, the Corporation’s results of operations reported under IFRS.

GENERAL

Overview

Ikänik Farms is a private corporation, originally incorporated in Canada under the *Canada Business Corporations Act*, on April 25, 2018 as “Cannus Partners Inc.” On May 6, 2019, Ikänik Farms filed a certificate of amendment to effect the changing of its name to “Ikänik Farms Inc.” Ikänik Farms continued into the Province of British Columbia on March 30, 2020. The Corporation’s registered office is located at 2200 HSBC Building 885 West Georgia Street, Vancouver BC, V6C 3E8. The Corporation’s head office is located at Scotia Plaza, Suite 2100, 40 King St. W. Toronto, Ontario M5H 3C2.

Ikänik Farms and its subsidiaries (the “**Ikänik Group**”) is a vertically integrated cannabis cultivator, producer, distributor and dispensary operator that is building out its “seed to sale” business across California and the greater northeast of the United States. Ikänik Group’s operations are currently located in California and Colombia.

As used herein, “Ikänik Group,” “we,” “our,” and similar terms include Ikänik Farms and its subsidiaries, unless the context indicates otherwise.

Recent Developments

Business Combination with Canadian Imperial Venture Corp.

In the fourth quarter of 2018, representatives of Canadian Imperial Venture Corp. (“**CIVC**”) and Ikänik Farms discussed the merits of a potential business combination (the “**Transaction**”). Recognizing the potential benefit such a transaction would bring to their respective shareholders, CIVC, CIVC Subco and Ikänik Farms entered into a definitive agreement on April 2, 2019 (the “**Definitive Agreement**”).

Under the Definitive Agreement, a copy of which is available on CIVC’s profile on SEDAR at www.sedar.com, CIVC agreed to combine its business with Ikänik Farms via an amalgamation of CIVC’s subsidiary, 11326937 Canada Inc. (“**CIVC Subco**”), and Ikänik Farms (the “**Amalgamation**”), as set out below:

- (a) upon both entities having continued into British Columbia, Ikänik Farms completed the Amalgamation with CIVC Subco, forming “**Amalco**”, which subsequently became a wholly-owned subsidiary of the resulting issuer under the definitive agreement (the “**Resulting Issuer**”);

- (b) holders of common shares of Ikänik Farms (other than dissenting shareholders who did not exchange their common shares for subordinate voting shares of the Resulting Issuer (the “**Resulting Issuer Subordinate Voting Shares**”)) received one fully paid and non-assessable Resulting Issuer Subordinate Voting Share for each common share held, following which all such common shares of Ikänik Farms were cancelled;
- (c) holders of series A shares (other than dissenting shareholders who did not exchange their series A shares for multiple voting shares of the Resulting Issuer (the “**Resulting Issuer Multiple Voting Shares**”)) received one fully paid and non-assessable Resulting Issuer Multiple Voting Share for each series A share held, following which all such series A shares of Ikänik Farms were cancelled;
- (d) each of the issued and outstanding options of Ikänik Farms was adjusted to reflect the Amalgamation such that upon the exercise of each option of Ikänik Farms in accordance with its terms the holder shall receive one Resulting Issuer Subordinate Voting Share or one Resulting Issuer Multiple Voting Share, as applicable, at the exercise price of CAD\$0.30 per option in the case of Resulting Issuer Subordinate Voting Shares and CAD\$30.00 per option in the case of Resulting Issuer Multiple Voting Shares, as applicable, in lieu of the number of Ikänik Farms shares otherwise issuable upon such exercise;
- (e) each of the issued and outstanding warrants of Ikänik Farms were exchanged for one subordinate voting warrant of the Resulting Issuer (the “**Resulting Issuer Subordinate Voting Warrants**”), and each such Resulting Issuer Subordinate Voting Warrant may be exercised for one Resulting Issuer Subordinate Voting Share at the exercise price and for the term contemplated in each warrant of Ikänik Farms;
- (f) each of the issued and outstanding series A warrants of Ikänik Farms were exchanged for one series A warrant of the Resulting Issuer (the “**Resulting Issuer Series A Warrants**”), and each such Resulting Issuer Series A Warrant may be exercised for one Resulting Issuer Multiple Voting Share at the exercise price and for the term contemplated in each series A warrant of Ikänik Farms;
- (g) CIVC received one fully paid and non-assessable common share of Amalco for each common share of CIVC Subco held by CIVC, following which, all such common shares of CIVC Subco were cancelled;
- (h) in consideration of the issuance of shares pursuant to items (b) and (c) above, Amalco issued to CIVC one Amalco Share for each Resulting Issuer Subordinate Voting Share issued, and one hundred (100) Amalco Shares for each Resulting Issuer Multiple Voting Share issued (the Resulting Issuer and Amalco made accompanying additions to their respective stated capital and aggregate paid-up capital accounts for the purposes of the *Income Tax Act* (Canada));
- (i) Amalco became a wholly-owned subsidiary of the Resulting Issuer; and
- (j) Amalco and the Resulting Issuer completed a vertical amalgamation, with the Resulting Issuer being the remaining entity.

Acquisition of THCA

On March 11, 2019, Ikänik Farms entered into a Stock Transfer Agreement, as amended on April 10, 2019, March 20, 2020 and November 26, 2020 (the “**THCA Agreement**”) with the shareholders of THCA to transfer all of the issued and outstanding shares of THCA (the “**THCA Shares**”) to Ikänik Farms in exchange for an aggregate of 40,884 series A shares which were issued but held in escrow (the “**THCA Acquisition**”). The delivery of the series A shares to former shareholders of THCA as part of the THCA Acquisition is conditional upon the receipt of certain regulatory requirements by THCA and Ikänik Farms, including delivery to Ikänik Farms of (the “**THCA Conditions**”):

1. a copy of a validly issued conditional use permit for THCA issued by the City of Sacramento for the THCA facility in Sacramento, California (“**Sacramento Facility**”) for cannabis cultivation, manufacturing and distribution;

2. a copy of a validly issued temporary state cultivation license for THCA with respect to the Sacramento Facility;
3. a copy of a validly issued Sacramento business license for THCA with respect to the Sacramento Facility;
4. a copy of a validly issued cannabis tax permit for THCA with respect to the Sacramento Facility; and
5. a copy of a current cultivation TA18-0013258 and a statement that an annual state application for cannabis cultivation manufacturing and distribution has been submitted to the California Department of Food and Agriculture, the California Department of Public Health and the BCC.

THCA Condition 1, above, has been satisfied and THCA Conditions 3 through 5, above, have not been met as of the date hereof. Management expects the THCA Conditions will be completed by the end of March 2021.

In connection with the THCA Acquisition: (i) Ikänik Farms assumed the lease of THCA at 5380 S. Watt Avenue, Sacramento, CA 95826; (ii) Ikänik Farms assumed the option to purchase the Sacramento Facility; (iii) Ikänik Farms issued a promissory note to one of the former shareholders of THCA for loans made by the shareholder to THCA; and (iv) Ikänik Farms agreed to provide \$800,000 in capital expenditures for the build-out of an indoor cultivation facility on the Sacramento Facility.

If the satisfaction of each of the THCA Conditions above does not occur by March 31, 2021, and upon repayment of all property improvements as part of the build-out the Sacramento Facility (the “**THCA Longstop Provision**”):

- Ikänik Farms will transfer the THCA Shares back to the former shareholders of THCA;
- each of the former shareholders of THCA will transfer any series A shares received as part of the THCA Acquisition back to Ikänik Farms and any series A shares held in escrow shall be cancelled; and
- the lease and option with respect to the Sacramento Facility shall be transferred back to THCA.

Pursuant to the THCA Agreement, Ikänik Farms may opt to extend THCA Longstop Provision date to a subsequent date of its choosing.

Name Change

On May 6, 2019, Ikänik Farms filed a certificate of amendment to effect the changing of its name from “Cannus Partners Inc.” to “Ikänik Farms Inc.”

Acquisition of Pideka

On August 21, 2019, Ikänik Farms entered into a Stock Transfer Agreement (the “**Pideka Agreement**”) with the prior shareholders of Pideka, S.A.S. (“**Pideka**”) to transfer all of the issued and outstanding shares of Pideka (the “**Pideka Shares**”) to Ikänik Farms in exchange for an aggregate of 33,333,333 common shares of Ikänik Farms at a price of \$1.20 (the “**Pideka Acquisition**”) to be transferred in the amounts and subject to the completion of the conditions (the “**Pideka Conditions**”) set out below:

1. within 10 business days following the receipt of certain regulatory, corporate and tax documentation, each as deemed satisfactory by Ikänik Farms, 16,666,667 common shares shall be delivered ratably to the former shareholders of Pideka;
2. within 10 business days following the construction, commencement in whole or part of Pideka’s property at Tenjo as deemed satisfactory by Ikänik Farms, 8,333,333 common shares shall be delivered ratably to the former shareholders of Pideka; and

- within 10 business days following the delivery to Ikänik Farms of a copy of a validly issued GMP certification as deemed satisfactory by Ikänik Farms, the remainder of the common shares shall be delivered ratably to the former shareholders of Pideka.

On February 18, 2020, Ikänik Farms issued 33,333,333 common shares of Ikänik Farms to the prior shareholders of Pideka as consideration for the satisfaction by Pideka of each of the Pideka Conditions on February 11, 2020.

Acquisition of High End LLC

On August 6, 2019, Ikänik Farms entered into a membership interest purchase agreement with the membership interest holders of High End, LLC (“**High End**”) to sell all of the membership interest of High End (the “**High End Interest**”) to Ikänik Farms, Inc. in exchange for \$1,200,000 (the “**Purchase Price**”). The High End Interest is to be transferred in the percentages and subject to the completion of the conditions (the “**High End Conditions**”) set out below:

- Within fifteen (15) days of the effective date of the agreement, Ikänik Farms, Inc. shall deposit \$150,000 into escrow which shall act as a deposit against the Purchase Price and shall not be cumulative to it.
- The High End Interest holders shall immediately transfer ninety percent (90%) of their respective interests in High End to Ikänik Farms, Inc. on or before September 1, 2019.
- Within seven (7) days of the release of the initial escrow deposit, Ikänik Farms, Inc. shall place an additional \$300,000 into escrow. On the first of each subsequent month, Ikänik Farms, Inc. shall place an additional \$100,000 into escrow until a certificate of occupancy is issued by the City of Palm Springs, or until the full purchase price has been deposited including the initial escrow deposit, which shall be held in escrow.

High End Conditions #1 and #2 have been satisfied. Ikänik Subco expects to close High End Condition #3 in April 2021.

Overall Strategy and Performance

The Company’s overall strategy is to build sustainable, long-term shareholder value by reducing leverage, enhancing liquidity and cost of capital while improving the capacity and capabilities of its future production and facilities while creating quality brands and products that distinguish Ikanik from others in the industry. As part of this strategy, Ikanik will continue to concentrate on expanding its future operations to meet consumer preferences, maintaining discipline for future costs to acclimate to the industry, and focus on providing quality products that appeal to its consumers. As the Company continues to evolve, it will invest in technology platforms that will assist with analyzing information, including transactional and point of sale data. The data and information derived from investing in these platforms will guide future sales and distribution and help Ikanik fulfill its strategies and target future acquisitions.

Selected Annual Financial Information

The following is selected financial data derived from the audited Financial Statements of the Corporation as at December 31, 2019 and December 31, 2018.

	For the year ended December 31, 2019	For the Period from the Date of Incorporation (April 25, 2018) to December 31, 2018
Statement of Operations Summary		
Revenue	\$ 113,343	\$ -
Gross Loss	\$ (2,986)	\$ -
Loss from Operations	\$ (9,021,239)	\$ (386,022)
Net Loss for the Period	\$ (12,890,347)	\$ (475,734)
Total Comprehensive Loss for the Period	\$ (12,841,413)	\$ (475,734)

Basic Loss Per Share	\$ (0.20)	\$ (0.02)
Diluted Loss Per Share	\$ (0.20)	\$ (0.02)
Statement of Financial Position Summary		
Current Assets	\$ 2,828,443	\$ 1,838,892
Total Assets	\$ 35,268,113	\$ 2,078,932
Current liabilities	\$ 6,464,891	\$ 368,335
Total Liabilities	\$ 20,460,770	\$ 374,674
Notes:		
(1) As of December 31, 2019, Ikanik Farms has not declared any dividends.		
Statement of Cash Flow Summary		
Cash (used in) operating activities	\$ (6,050,734)	\$ (539,763)
Cash (used in) investing activities	\$ (4,181,612)	\$ (201,642)
Cash provided by financing activities	\$ 10,059,570	\$ 2,544,047
Change in cash and cash equivalents	\$ (123,842)	\$ 1,802,642

Results of Operations

For the year ended December 31, 2019, the Company had significant increases in operations recognizing a net loss of \$12,890,347 compared to \$475,734 for the period from the date of incorporation (April 25, 2018) to December 31, 2018. The Company began recognizing revenues in 2019 as commencement of its selling operations began which increased additional workforce and general overhead related costs for the Company. Further, the Company continued to have certain start-up related costs and utilized its capital and funding to position the Company for strategic growth through acquisition and future operating plans.

Revenues and gross loss

Revenues for the year ended December 31, 2019 were \$113,343 and included retail cannabis sales, compared to zero revenues for the period from the date of incorporation (April 25, 2018) to December 31, 2018. As discussed above, 2018 was the initial year of existence for the Company and all operations were primarily start-up related costs versus 2019 which began the initial year of selling efforts for Ikanik. Cost of goods sold and gross loss for the year ended December 31, 2019 were \$116,329 and \$(2,986), respectively. These costs were not present for the period ending December 31, 2018. The difference period over period is consistent with the variance in revenue discussed above.

Operating expenses

The total operating expenses for the year ended December 31, 2019 totaled \$9,021,239 compared to \$386,022 for the period from the date of incorporation (April 25, 2018) to December 31, 2018. The costs incurred during 2019 were primarily related to general and administrative expenses of \$6,739,854 compared to \$342,928 in 2018, an increase of 1865.3%. The increase in costs period over period were primarily related to an increase in compensation related expenses of \$3,304,395 in 2019 as there were significant additions to the workforce in 2019 and these costs were very insignificant in 2018. Professional and consulting costs increased significantly in 2019 to \$2,005,347 from \$231,915 in 2018. The large increase of \$1,773,432 or 765.7% was related to additional efforts focused on raising capital, acquisition of target companies, expansion of existing revenue streams, and accounting and regulatory efforts required as a part of the Company preparing for a public offering and listing on a major exchange. In addition, the company had the addition of significant costs related to licenses, permits, security, office related costs,

insurance, and travel totaling \$1,221,250 compared to \$110,713 in 2018 an increase of \$1,110,536 or 1003.1% that is consistent with the increase in operations as noted above.

The additional increase to operating expenses period over period was related to marketing and depreciation and amortization costs totaling \$457,760 and \$1,823,625, respectively, compared to \$42,492 and \$602, respectively, for the 2018 period. The increase to marketing, advertising and promotional costs period over period was \$415,268 or 977.29% and was related to additional efforts to promote Ikanik's brands and products and commence sales efforts. The major increase in depreciation and amortization of \$1,823,625 or 302716.9% was related to the additional acquisition of fixed assets used in operations and intangible assets acquired in business combinations and asset acquisitions further explained within this MD&A.

Other income and expenses

The Company had significant increases to other net expenses that totaled \$3,865,322 in 2019 compared to \$88,912 in 2018. The increase of \$3,776,410 or 4,247.36% was primarily related to the increase in interest expense of \$2,032,200 by 100% for the debentures that were issued in 2019. In addition there was a large increase in the change in fair value of the warrant liability by \$1,387,202 or 3,554.9% that occurred based on the updated valuation of the Company's equity. There were other losses on impairment of intangible assets and other income of \$508,000 and \$14,069, respectively, that occurred in 2019 and did not exist in 2018. Ikanik has also recognized a Foreign Currency Unrealized Gain of \$48,934 in 2019 with no recognition occurring in 2018.

Non-IFRS Financial Measures

EBIDTA and Adjusted EBITDA loss are non-IFRS measures and do not have standardized definitions under IFRS. The following information provides reconciliations of the supplemental non-IFRS financial measures presented herein to the most directly comparable financial measures calculated and presented in accordance with IFRS. The Company has provided the non-IFRS financial measures, which are not calculated or presented in accordance with IFRS, as supplemental information and in addition to the financial measures that are calculation and presented in accordance with IFRS and may not be comparable to similar measures presented by other issuers. These supplemental non-IFRS financial measures are presented because management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-IFRS financial measures presented provide additional perspectives and insights when analyzing the core operation performance of the business. These supplemental non-IFRS financial measures should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the IFRS financial measures presented here in.

Adjusted EBITDA is defined by the Corporation as earnings before interest, taxes, depreciation and amortization, less certain non-cash equity compensation expenses, including impairments, one-time transaction fees and all other non-cash items. The Corporation considers Adjusted EBITDA an important operational measure for the business. The following table provides a reconciliation of the Company's net loss to adjusted EBITDA (non-IFRS):

	For the year ended December 31, 2019
Net loss	\$ (12,890,347)
Depreciation and amortization	1,823,625
Interest expense, net	2,032,200
Income tax expenses	800
Earnings before interest, taxes, depreciation, and amortization (EBITDA) (Non-IFRS)	<u>\$ (9,033,722)</u>
Pre-production costs	212,991
Fair value adjustments	1,348,180
Impairment losses	508,000
Adjusted EBITDA (Non-IFRS)	<u><u>\$ (6,964,551)</u></u>

As of December 31, 2019, the Corporation distributed or sold product to over 30 retail dispensaries (non-IFRS). The retail strategy focuses on gaining distribution in retail brands that align with the Corporation's corporate social mission, as well as with the target consumer. The Corporation targets accounts where the brand is most likely to succeed with retail shoppers.

Going Concern

The Corporation's Financial Statements have been prepared under the assumption that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. The Corporation's ability to continue in the normal course of operations is dependent on its ability to raise financing sufficient to maintain operations and there are no assurances that the Corporation will be successful in achieving this goal. For the period ended December 31, 2019, the Corporation reported a net loss of \$12,890,347, operating cash outflows of \$6,050,734 and, as of that date, an accumulated deficit of \$13,366,081. These material circumstances cast significant doubt on the Corporation's ability to continue as a going concern and ultimately on the appropriateness of the use of the accounting principles applicable to a going concern. The Corporation's Financial Statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Corporation be unable to continue as a going concern. The Corporation continues to have access to equity and debt financing from private markets, but there are no guarantees that such financing would be available.

Cash Flows

Cash Used in Operating Activities

Net cash used in operating activities was \$6,050,734 for the period ended December 31, 2019 compared to \$539,763 for the period ended December 31, 2018. The increase in cash used of \$5,510,971 or 1021% was primarily due to the net loss in 2019 of \$12,890,347 versus \$475,734 in 2018. In addition, the Company had a large increase in additional adjustments to cash used in operation activities primarily related to depreciation and amortization of \$1,823,022 or 302,715.9%, impairment loss of intangible assets of \$508,000 or 100%, noncash interest expense of \$68,300 or 100%, stock compensation expense of \$1,602,747 or 100%, the change in fair value of derivative liability of \$203,177 or 100%, and a change in the fair value of the warrant liability of \$1,184,025 or 3034.2%.

Further the cash provided in working capital for the period ended December 31, 2019 totaled \$1,452,248 compared to cash used in working capital of \$25,609 for 2018. The increase period over period was primarily due to the increase in accounts receivable, related party receivable, inventories, prepaid expenses, and other assets of \$85,218,

\$145,283, \$437,095, \$409,547, and \$72,430, respectively. This was offset primarily by increases from 2018 to 2019 in accounts payable and accrued expenses of \$876,029 and accrued interest of \$1,764,079.

Cash Flow from Investing Activities

Net cash used in investing activities was \$4,181,612 for the period ended December 31, 2019 compared to \$201,642 in 2018. The increase of \$3,979,969 or 1973.8% was primarily due to purchases of property and equipment of to be used in operations and for their corporate offices. The Company had a large amount of tenant improvements in 2019 totaling \$2,340,019.

Cash Flow from Financing Activities

Net cash provided from financing activities was \$10,059,570 for the period ending December 31, 2019 compared to \$2,544,047 in 2018. The large increase was primarily due to \$11,370,832 of net cash inflows from the issuance of convertible debentures described in this MD&A and an additional issuance of common shares for total proceeds of \$1,000,000. The Company also had other net cash outflows related to the issuance and repayment of shareholder loans of \$46,270 and repayments of lease liabilities totaling \$2,264,992.

Liquidity, Financing Activities, and Capital Resources

Liquidity

Capital resources are financing resources available to the Company and are defined as the Company's debt and equity. The Company manages its capital resources with the objective of maximizing shareholder value and sustaining future development of the business. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the Company's activities. The Company may adjust capital spending, issue new equity, issue new debt or repay existing debt, subject to the availability of commercial terms. The Company will require additional financing in the near term as it continues to commence operations since its future revenues will not be enough to support its on-going operations and capital needs.

The Company's primary need for liquidity is to fund capital expenditures, working capital requirements, debt service requirements and for general corporate purposes. The Company's primary source of liquidity to date has been from funds received from the proceeds of equity issuances and debt financing. The Company's ability to fund operations, make planned capital expenditures and meet debt service requirements depends on future operating performance and cash flows, as well as the availability of future financing - all of which is subject to prevailing economic conditions and financial, business and other factors.

The Company plans to access the capital markets to raise additional liquidity. For example, the Company has plans to file a listing statement in early 2021 allowing it to complete the Transaction as discussed within this MD&A. There can be no guarantee that the Company will be able to raise additional capital on terms acceptable to it or at all.

The audited financial statements for the year ended December 31, 2019 contain a going concern qualification. The Company is an early-stage company and has accumulated significant losses to date. Furthermore, the Company and certain of its subsidiaries have a limited operating history and a history of negative cash flow from operating activities. These conditions, combined with the Company's dependence on third party financing in the near term to fund its business plan, indicate the existence of a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern.

Management believes its current capital resources and its ability to manage cash flow and working capital levels will require the Company to seek future additional financing to allow it to meet its obligations, to make future debt service requirements, and to fund the other needs of its business. However, no assurance can be given that future sources of capital will be available. The ability of the Company to continue as a going concern is dependent on raising capital to fund its business plan and ultimately to attain profitable operations. Any delay or failure to complete any

additional financing would have a material adverse effect on the Company's business, results of operations and financial condition, and the Company may be forced to reduce or cease its operations or seek relief under applicable bankruptcy law. The audited financial statements for the year ended December 31, 2019 do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

The Corporation, through its subsidiaries, leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2025 and contain renewal provisions. The Corporation's total principal and interest related to their lease payments for the year ended December 31, 2019 was approximately \$2.4 million.

Financing Activities

On May 3, 2019, pursuant to an agency agreement (the "**Agency Agreement**") between Ikänik Farms and Canaccord Genuity Corp. (the "**Agent**"), Ikänik Farms completed a private placement (the "**May 2019 Private Placement**") of 13,139 units at a price of USD\$1,000 per Unit for aggregate gross proceeds of approximately USD\$13,139,000.

Each unit was comprised of a USD\$1,000 convertible debenture of Ikänik Farms and 820 common share purchase warrants, for non-U.S. purchasers, and 8.2 series A share purchase warrants, for U.S. purchasers. Non-U.S. purchasers received Convertible Debentures which were convertible into common shares and common share purchase warrants. U.S. purchasers received Convertible Debentures which were convertible into series A shares and series A share purchase warrants. Immediately prior to the completion of the transactions contemplated under the Definitive Agreement, each Convertible Debenture converted into one common share (in the case of non-U.S. purchasers) or one series A share (in the case of U.S. purchasers) at a conversion price equal to \$0.61 or \$61.00, respectively. Each share purchase warrant issued upon conversion of the units entitled the holder to exercise it for one common share at a price of \$0.79 per common share (or, for U.S. purchasers, one series A share at a price of \$79.00) for a period of 24 months from the date the common shares of Ikänik Farms (or a resulting issuer) are listed on a recognized Canadian stock exchange.

In connection with the May 2019 Private Placement, Ikänik Farms paid a cash fee to the Agent equal to 7% of the gross proceeds of the May 2019 Private Placement sourced by the Agent and a cash fee to the Agent equal to 3.5% of the gross proceeds of the May 2019 Private Placement sourced by Ikänik Farms in accordance with the terms and conditions of the Agency Agreement. Ikänik Farms granted the Agent an aggregate of 520,066 broker warrants and 973,344 advisory warrants of Ikänik Farms to acquire a broker unit, with each broker unit consisting of one Resulting Issuer Subordinate Voting Share and one-half of one Resulting Issuer Subordinate Voting Warrant, at an exercise price equal to \$0.79 for a period of 24 months from the date the common shares of Ikänik Farms (or a resulting issuer) are listed on a recognized Canadian stock exchange.

Capital Resources

As at December 31, 2019, the Corporation had total current liabilities of \$6,464,891 and cash of \$1,678,800 to meet its current obligations. As at December 31, 2019, the Corporation had negative working capital of \$3,636,448 on account of accounts payable and accrued expenses of \$971,651 related to ongoing operations and vendor payables. The Company also has current amounts due for leases totaling \$2,081,877, notes payable of \$41,926, convertible debentures of \$1,105,671, warrant liability of \$1,423,766, and \$840,000 due to sellers for acquisitions that took place in 2019. These current obligations are offset by accounts receivable of \$85,218, inventories of \$437,095, related party receivable of \$145,283, and \$482,047 of prepaid expenses and other current assets. In addition, the issuance of convertible debentures and private placement discussed in this MD&A also increased the cash position of Ikänik.

The Company has future commitments as noted below for non-cancelable operating leases as of December 31, 2019.

The Company's minimum lease payments are as follows:

<u>Year Ended December 31,</u>	
2020	\$ 2,843,131
2021	4,717,948
2022	1,044,504
2023	1,036,544
2024	800,508
Thereafter	<u>457,837</u>
Total lease payments	10,900,472
Less: Interest	<u>(4,903,201)</u>
Present value of lease liabilities	5,997,271
Less: short-term lease liabilities	<u>(2,081,877)</u>
Present value of long-term lease liabilities	<u><u>\$ 3,915,394</u></u>

Subsequent to year end, the Company secured the following funding tranches to further support ongoing operations and the negative working capital that existed at December 31, 2019:

- On February 24, 2020, the Company completed a non-brokered private placement of 1,897,429 Ikänik Farms Common Shares at a price of \$1.20 USD per Ikänik Farms Common Share for aggregate gross proceeds of \$2,276,913.
- On April 21, 2020, the Company completed a non-brokered private placement of 11,250 Ikänik Farms Series A Share units at a price of \$40.00 USD per Ikänik Farms Series A Share unit for a gross proceeds of \$450,000.
- On June 23, 2020, the Company completed a private placement of 100 Ikänik Farms 2020 Convertible Debentures at a price of \$1,000 USD per unit for aggregate gross proceeds of approximately \$100,000 USD.
- On September 18, 2020, the Company completed a non-brokered private placement of 14,464,482 Ikänik Farms Common Share units at a price of \$0.40 USD per Ikänik Farms Common Share unit for gross proceeds of \$5,785,792.75. Each Ikänik Farms Common Share unit was comprised of one Ikänik Farms Common Share and one Ikänik Farms Common Share Warrant, with each whole warrant exercisable into one Ikänik Farms Common Share at \$0.60 per share expiring 24 months from the date of a liquidity event.
- On November 13, 2020, the Company completed a non-brokered private placement of 6,484,940 Ikänik Farms Common Share units at a price of \$0.55 USD per Ikänik Farms Common Share unit for gross proceeds of \$3,566,717. Each Ikänik Farms Common Share unit was comprised of one Ikänik Farms Common Share and one Ikänik Farms Common Share Warrant, with each whole warrant exercisable into one Ikänik Farms Common Share at \$0.75 per share expiring 24 months from the date of a liquidity event.

Management believes with the additional funding sources noted above will be able to support future operations of the Company through May 2021 at which time the Company may seek to secure additional funding as necessary.

Fourth Quarter

In the fourth quarter of 2019, the Company began recognizing revenues as they commenced sales and continued their full-scale marketing efforts to become fully operational in the United States. Revenues for 2019 were entirely related to the wholesale business of Ikanik.

As discussed further in this MD&A, the acquisition of 90% interests in High End, 100% interests in Pideka, and 100% interests in THCA were in the process of closing in the fourth quarter of 2019 with the migration and integration of each business into Ikanik, including the transition of workforce, the possession and utilization of the acquiree's intangible assets that were acquired, integrating all systems of the acquiree's to Ikanik's infrastructure, and

commencement on the development of properties acquired. The Company plans to fulfill any outstanding commitment in 2021 per the purchase agreements.

Off-Balance Sheet Arrangements

As of the date of this filing, the Corporation does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation, including, and without limitation, such considerations as liquidity and capital resources.

Related Party Transactions

The Company's key management personnel have the authority and responsibility for planning, directing, and controlling the activities of the Company and consists of the Company's executive management team and management directors. Other than the lease arrangements described below for the year ended December 31, 2019, there were no material transactions with or changes to other related party balances as of December 31, 2019. Key management personnel compensation and other related party expenses for the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Management compensation	\$ 240,953	\$ -
Stock compensation expense	596,048	-

At December 31, 2018, the Company accrued for a balance of \$46,270 due to a shareholder for reimbursable company expenses that were paid on the Company's behalf. This balance was repaid during the year ended December 31, 2019.

The Company acquired \$23,292 and \$21,680, respectively, in property and equipment during the years ended December 31, 2019 and 2018 and also incurred \$536,839 and \$56,431, respectively, in consulting fees from a related party owned by a shareholder during the same periods. During the year ended December 31, 2019 the Company advanced \$145,283 to this related party, which remained outstanding at year end. The advance is non-interest bearing and due on demand.

Proposed Transactions

On April 2, 2019, CIVC and Ikänik Farms entered into the Definitive Agreement on April 2, 2019 pursuant to which CIVC will acquire all of the issued and outstanding shares of the Corporation in exchange for shares of the resulting issuer. The proposed Transaction will result in a reverse takeover of CIVC by the Corporation and will have no effect on the financial condition, financial performance and cash flows of the Corporation. The proposed Transaction is subject to shareholder and regulatory approval.

Share Based Compensation

The Corporation has granted options to employees during the period. Please refer to Note 8 of the Financial Statements for further information on options granted.

Risk Factors

Please refer to the Listing Statement of the Corporation filed with Canadian Securities Exchange to which this MD&A is appended (the "Listing Statement") for discussions on risk factors related to the Corporation.

Changes in or Adoption of Accounting Practices

The following IFRS standards have been recently issued by the IASB. The Corporation is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Corporation have been excluded herein.

IFRIC 23 - Uncertainty over Income Tax Treatments: IFRIC 23 was issued by IASB on June 7, 2017. The interpretation provides guidance on the accounting for current and deferred tax assets and liabilities in circumstances in which there is uncertainty over income tax treatments. IFRIC 23 requires the entity to contemplate whether uncertain tax treatments should be considered separately or as a group based on the predictability of the resolution. In addition, the entity should assess if the tax authority will accept uncertain tax treatments, and in the case where it is not probable, the interpretation requires the entity to reflect the uncertainty with disclosure of the most likely amount and the expected value of the income tax payable or recoverable. The interpretation is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The adoption of this standard on January 1, 2019 did not have any impact on the Company's financial statements.

IFRS 16 – Leases: In January 2016, the IASB issued IFRS 16, "Leases", which replaces IAS 17, "Leases" and related interpretations. The standard introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases with a term exceeding twelve months, unless the underlying asset is insignificant. A lessee is required to recognize a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company adopted the standard on January 1, 2019 using the modified retrospective method, which provides lessees a method for recording existing leases at adoption with no restatement of prior comparative periods.

The Company elected to apply the following recognition exemptions and practical expedients, as described under IFRS 16:

- Recognition exemption of short-term leases;
- Application of a single discount rate to a portfolio of leases with similar characteristics;
- Application of hindsight in determining the applicable lease term at the date of transition; and
- Election to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The majority of the Company's property leases, which were previously treated as operating leases, were impacted by IFRS 16. The adoption of IFRS 16 has resulted in:

- Higher non-current assets related to the initial recognition of the present value of the Company's unavoidable future lease payments as right-of-use assets under property and equipment, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the consolidated statement of financial position as of December 31, 2019;
- Higher current and non-current liabilities related to the concurrent recognition of lease liabilities, which are measured at the present value of the remaining fixed lease payments, discounted by our incremental borrowing rate of 25.0% as of December 31, 2019;
- Replacement of rent expense previously recorded in general and administrative expense with depreciation expense of these right-of-use assets and higher finance costs related to the accretion of interest expense of the corresponding lease liabilities; and
- Variable lease payments that do not depend on an index or rate and non-lease components are expensed as incurred.

The new standard does not change the amount of cash transferred between the lessor and lessee but impacts the presentation of the operating and financing cash flows by decreasing operating cash flows and increasing financing cash flows.

Adjustments to opening balances resulting from the initial adoption of IFRS 16, with the effects of transition being recognized directly to retained earnings is as follows:

	As Previously Reported <u>Under IAS 17</u>	IFRS 16 Transition <u>Adjustments</u>	As Reported <u>Under IFRS 16</u>
Property and Equipment, Net	\$ 21,078	\$ 380,956	\$ 402,034
Lease Liabilities	\$ -	\$ (380,956)	\$ (380,956)
Deferred Rent	\$ 6,339	\$ (6,339)	\$ -

A reconciliation of the operation lease commitments as of June 29, 2019 to the opening balance of the lease liabilities at the date of adoption is as follows:

Operating Lease Commitments as of December 31, 2018	\$ 684,278
Lease Liabilities Recognized as of January 1, 2019	-
Short-term Lease Payments Excluded	(42,000)
Effect of Discounting Using the Lessee's Incremental Borrowing Rate	<u>(261,322)</u>
Lease Liabilities Recognized as of January 1, 2019	<u>\$ 380,956</u>

As a result of adopting IFRS 16, the Company updated its lease accounting policies as follows:

The Company has real estate leases for retail stores, cultivation facilities, corporate offices, and equipment leases. At inception of a contract, the Company estimates whether the contract includes a lease. A contract contains a lease if it includes enforceable rights and obligations under which the right to control the use of an identified asset is conveyed for a period of time in exchange for consideration. The Company recognized a ROU asset and a lease liability at the commencement date – the date when the asset is available for use by the lessee.

The Company assesses at lease commencement whether it is reasonably certain to exercise extension or termination options. The Company reassesses its lease portfolio to determine whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The extension options which are considered reasonably certain to be exercised are mainly those for which operational decisions have been made which make the leased assets vital to the continued relevant business activities.

Liabilities arising from a lease are initially measured at the present value of the lease payments that are not paid at that date discounted using the Company's incremental borrowing rate. Lease liabilities include the value of the following payments:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Penalties for early termination of the lease, if the lease term reflects the Company exercising an option to terminate the lease.

The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is decreased by cash paid less interest expense incurred. The lease liability is remeasured when there is a change in future lease payments, or if the Company changes its assessment of whether it will exercise an extension, purchase, or termination option. ROU assets are measured at cost and are comprised of the following:

- The amount of the initial measurement of lease liability;
- Lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- An estimate of costs of dismantling and removing the underlying asset, restoring the site on which it is located or the underlying asset, if applicable.

The ROU asset is depreciated on a straight-line basis from the commencement date to the end of the lease term. The depreciation expense on ROU assets replaces rent expense. The value of the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain revaluations of the lease liability.

Financial Statement Classifications

Statement of Compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Reporting Interpretations Committee (“IFRIC”). The accounting policies set out below have been applied consistently to all periods presented, unless otherwise noted.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments that are measured at fair value through profit or loss, as detailed in the Company’s accounting policies.

Going Concern

As reflected in the consolidated financial statements, the Company had an accumulated deficit of \$13,366,081 and a negative net working capital of \$23,300,468 (current liabilities greater than current assets) as of December 31, 2019, as well as a net loss of \$12,890,347 and negative cash flow from operating activities of \$6,050,734 for the year then ended. The Company has not generated significant revenues and has incurred net losses since inception. These factors raised significant doubt about the Company’s ability to continue as a going concern for at least one year from the issuance of these consolidated financial statements.

The Company’s primary source of operating funds since inception has been cash proceeds from sales of the Company’s stock and from the issuance of convertible debentures. The Company intends to raise additional capital through additional sales of stock. There can be no assurance that these funds will be available on terms acceptable to the Company or that they will be sufficient to enable the Company to fully complete its development activities or sustain operations.

If the Company is unable to raise sufficient additional funds, it will have to develop and implement a plan to further reduce expenses, scale back its business plan, or curtail operations until sufficient additional capital is raised to support further operations.

Functional and Presentation Currency

These consolidated financial statements are presented in US dollars, which is also the Company's functional currency. The Company maintains certain accounts in Canadian dollars for which the effects of the translation are recorded in foreign currency loss and other comprehensive income in the consolidated statements of operations and comprehensive loss.

Basis of Consolidation

These consolidated financial statements as of and for the periods ended December 31, 2019 and 2018 include the accounts of the Company and its subsidiaries. All intercompany balances and transactions are eliminated on consolidation. Subsidiaries are those entities over which the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to sue its power to affect its returns. The following are Ikanik's wholly-owned subsidiaries over which the Company has control as of December 31, 2019 and 2018:

<u>Entity</u>	<u>Location</u>	<u>Purpose</u>	<u>Percentage Held- 2019</u>	<u>Percentage Held- 2018</u>
Ikanik Farms, Inc.	Ontario, Canada	Parent Company		
Cannus, Inc.	California	Holding Company	100%	100%
Blunt Brothers, Inc.	California	Operating Entity	100%	100%
Ikanik Farms, Inc.	California	Cultivation, Production, and Dispensary Facility	100%	100%
Firehouse Holdings, Inc.	California	Holding Company	100%	100%
THCA, Inc.	California	Cultivation and Production Facility	100%	0%
PIDEKA, S.A.S.	Colombia	Cultivation and Production Facility	100%	0%
High End, Inc.	California	Dispensary	90%	0%
Ikanik Life, Inc.	California	Non-Operating Entity	100%	0%
Ikanik Designs, LLC	Nevada	Non-Operating Entity	100%	100%
Ikanik Farms International, Inc.	Ontario, Canada	Non-Operating Entity	100%	0%

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Accounts Receivable

Accounts receivable are classified as financial assets initially recognized at fair value and subsequently measured at amortized cost, less any provisions for impairment. When an account receivable is uncollectible, it is written off against the provision.

Inventories

Inventories of purchased finished goods and packaging materials are initially valued at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Company reviews inventory for obsolete, redundant, and slow-moving goods and any such inventory is written down to net realizable value.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the

assets. As of December 31, 2019 and 2018, the Company's property and equipment consists of computer software & hardware, furniture & equipment, leasehold improvements, and vehicles, each with the estimated useful lives shown below. The Company's right-of-use assets for property and equipment leases are depreciated over the lease terms. The assets' useful lives are reviewed at each financial year end and adjusted prospectively if appropriate.

	<u>Estimated Useful Life</u>
Computer software & hardware	3-6 years
Furniture & equipment	3-10 years
Leasehold improvements	3-6 years
Vehicles	5-6 years
Right-of-use assets	3-10 years

As of December 31, 2019 and 2018, a total of \$1,590,514 and \$179,962, respectively, in deposits have been paid for property and equipment purchases during the year ended December 31, 2019.

Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date or date of consolidation/control. Amortization of definite-lived intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

Market related intangible assets	5 years
Customer relationships	5 years

The estimated useful lives and residual values are reviewed at each year end, and any changes in estimates are accounted for prospectively. Intangible assets that have an indefinite useful life are not subject to amortization. The Company's indefinite-lived intangible assets consist of licenses, which, for valuation purposes, represent the future benefits associated with the Company's cultivation, processing, and dispensary licenses. Absent such license intangibles, the Company cannot continue as a going concern and as such, there is no foreseeable limit to the period over which these assets are expected to generate future cash inflows to the Company.

Definite-lived intangible assets are tested for impairment when there is an indication of impairment. Indefinite-lived intangible assets are tested for impairment annually or more frequently as warranted if events or changes in circumstances indicate impairment (refer to Note 10 for additional detail on impairment tests). For the years ended December 31, 2019 and 2018, the Company recognized \$508,000 and \$0, respectively, in impairment losses. See Note 6 for additional information on impairment of intangible assets.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of a business over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash-generating unit ("CGU") or CGUs which are expected to benefit from the synergies of the combination.

Goodwill is tested for impairment annually or more frequently as warranted if events or changes in circumstances indicate impairment. For the purpose of impairment testing, goodwill and indefinite-lived

intangible assets have been allocated to CGUs or groups of CGUs representing the lowest level that the assets are monitored for internal reporting purposes. Goodwill and indefinite-lived intangible assets are tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount (the higher of the asset's fair value less costs of disposal and value-in-use); an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment loss is recognized in the Consolidated Statements of Operations and Comprehensive Loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. The Company's most recent goodwill impairment test during the fourth quarter did not result in the recognition of any impairment losses. The Company has not recorded any goodwill impairment for the years ended December 31, 2019 and 2018.

Business Combinations and Asset Acquisitions

The Company assesses whether an acquisition should be accounted for as an asset acquisition or a business combination under IFRS 3. This assessment requires management to make judgements on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business and the Company obtains control of the business inputs and processes.

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method.

The total consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred by the acquirer, and the liabilities incurred by the acquirer to former owners of the acquiree, in exchange for control of the acquiree at the acquisition date. The acquisition date is the date where the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. The consideration transferred also includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. The measurement period is the period from the acquisition date to the date complete information about facts and circumstances that existed as of the acquisition date is received. However, the measurement period does not exceed one year from the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognized in profit or loss.

Revenue Recognition

The Company's primary source of revenue is from wholesale of cannabis products to dispensary locations. The Company accounts for revenue recognition in accordance with IFRS 15, Revenue from Contracts with Customers, which includes a five-step model for contracts with customers as follows:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price, which is the total considerations provided by the customer;
4. Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5. Recognize revenue when the relevant criteria are met for each unit (at a point in time or over a period of time).

The Company recognizes revenue upon satisfaction of the performance obligation, when control of the promised goods is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods, upon delivery and acceptable by customers.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent they relate to items recognized directly in equity or other comprehensive income (loss).

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

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

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

Warrant Liability (Derivative Liabilities)

The Company evaluates all of its agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then revalued at each reporting date, with changes in the fair value reported in the Consolidated Statements of Operations and Comprehensive Loss. In calculating the fair value of derivative liabilities (specifically warrant liability), the Company uses a valuation model. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the Consolidated Statements of Financial Position as current or non-current based on

whether or not net-cash settlement of the derivative instrument could be required within 12 months of the Consolidated Statements of Financial Position date.

Stock-Based Compensation

The Company measures equity settled stock-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For stock-based payments granted to non-employees, the compensation expense is measured at the fair value of goods and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of stock-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments.

For awards where the holder has the election of settling their award in either cash or equity, the fair value of stock-based compensation is remeasured at the end of each reporting period until the corresponding awards vest. The Company did not have any such awards outstanding at December 31, 2019.

Financial Instruments

The Company accounts for its financial instruments in accordance with IFRS 9, *Financial Instruments*. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivables and other financial liabilities categories. IFRS 9 also includes an expected credit loss model for the purpose of assessing the impairment of financial assets.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are incremental and are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The classification of financial instruments dictates how these assets and liabilities are measured subsequently in the Company's consolidated financial statements.

(i) Financial Instruments Measured at Fair Value Through Profit or Loss

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of sale in the near term. Derivative financial

instruments that are not designated and effective as hedging instruments are also classified as FVTPL. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period. Financial assets in this category include certain short-term investments, derivatives and contingent consideration.

(ii) Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Financial assets in this category include cash and cash equivalents, short-term investments, trade receivables, other receivables, and loans receivable.

(iii) Impairment of Financial Assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Company recognizes expected credit losses (“ECL”) for trade receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime ECLs at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Trade receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

For financial assets carried at amortized cost, the Company recognizes loss allowances for ECLs on its financial assets measured at amortized cost. ECLs are a probability-weighted estimate of credit losses. The Company applies a three-stage approach to measure ECLs. The Company measures loss allowance at an amount equal to 12 months of expected losses for performing loans receivable if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected losses on loans receivable that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses which are credit impaired (Stage 3).

The Company considers a significant increase in credit risk to have occurred if contractual payments are more than 30 days past due and considers the loans receivable to be in default if they are 90 days past due. A significant increase in credit risk or default may have also occurred if there are other qualitative factors (including forward looking information) to consider; such as borrower specific information (i.e., change in credit assessment).

Objective evidence of impairment of financial assets carried at amortized cost exists if the counterparty is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counterparty that would not normally be granted, or it is probable the counterparty will enter into bankruptcy or a financial reorganization.

(iv) Financial Liabilities Measured at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired. Financial liabilities in this category include accounts payable and accrued liabilities and deferred consideration and other payables.

Summary of the Company's Classification and Measurements of Financial Assets and Liabilities

	IFRS 9	
	Classification	Measurement
Cash and cash equivalents	FVTPL	Fair value
Accounts receivable	Amortized cost	Amortized cost
Deposits on property and equipment	Amortized cost	Amortized cost
Other Assets	Amortized cost	Amortized cost
Accounts payable and accrued expenses	Amortized cost	Amortized cost
Due to shareholder	Amortized cost	Amortized cost
Due to seller	Amortized cost	Amortized cost
Notes payable	Amortized cost	Amortized cost
Derivative liability	FVTPL	Fair value
Warrant liability	FVTPL	Fair value
Convertible debentures	Amortized cost	Amortized cost

Critical Accounting Estimates and Judgements

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgements, estimates, and assumptions that have the most significant effect on the amounts recognized in the accompanying consolidated financial statements are described below.

(i) ECL on Trade Receivables

The Company calculates ECLs for trade receivables based on the historical default rates over the expected life of the trade receivable and adjusts for forward-looking estimates, which is determined through the exercise of judgment.

(ii) Inventory

In calculating the value of inventory, management compares the inventory cost to estimated net realizable value to determine if the cost of any inventory exceeds its net realizable value, such as in cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

(iii) Estimated Useful Lives, Depreciation of Property and Equipment, and Amortization of Intangible Assets

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment.

Amortization of intangible assets is dependent upon estimates of useful lives which are determined through the exercise of judgment.

(iv) Property and Equipment Impairment

The Company evaluates the carrying value of long-lived assets at the end of each reporting period whenever there is any indication that a long-lived asset is impaired. Such indicators include evidence of physical damage, indicators that the economic performance of the asset is worse than expected, or that the decline in asset value is more than the passage of time or normal use, or significant changes occur with an adverse effect on the Company's business. If any such indication exists, the Company estimates the recoverable amount of the asset.

An asset is impaired when its carrying amount exceeds its recoverable amount. The Company measures impairment based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset. The fair value is determined primarily by using the projected future cash flows discounted at a rate commensurate with the risk involved as well as market valuations. Losses on long-lived assets to be disposed of are determined in a similar manner, except that the fair values are reduced for an estimate of the cost to dispose or abandon.

(v) Goodwill and Indefinite-Lives Intangible Asset Impairment

Goodwill and indefinite-lived intangible assets are tested for impairment annually during the fourth quarter and whenever events or changes in circumstances indicate that the carrying amount of these assets has been impaired. In order to determine if the value of these assets has been impaired, the CGU to which the assets have been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts, market data and discount rates. Changes in the conditions for these judgements and estimates can significantly affect the assessed value of goodwill and indefinite-lived intangibles. The Company has determined that the goodwill associated with all acquisitions belongs to each respective state as this is the lowest level at which management monitors goodwill and indefinite-lived intangibles. See Note 6 for additional detail.

(vi) Business Combinations and Asset Acquisitions

Determination of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business. The classification can have a significant impact on the accounting on and subsequent to the acquisition date.

a. Business Combinations

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for by applying the acquisition method. The total consideration transferred in a business combination is the sum of the fair values of assets transferred, liabilities incurred or assumed, and equity interests issued by the acquirer in exchange for control of the acquiree. The acquisition date is the date where the Company obtains control of the acquiree. The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS 3 Business Combinations provides exceptions to recording the amounts at fair value. Acquisition costs are expensed to profit or loss.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management exercises judgement in estimating the probability and timing of when contingent payments are expected to be made and at what amounts, which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Non-controlling interest in the acquiree, if any, is recognized either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets, determined on an acquisition-by-acquisition basis. For each acquisition, the excess of total consideration over the fair value of previously held equity interest prior to obtaining control, and the non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill.

b. Asset Acquisitions

Acquisitions that do not meet the definition of a business combination are accounted for as an asset acquisition. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Goodwill is not recorded as a result of an asset acquisition.

(vii) Stock-Based Compensation, Compound Financial Instruments

In calculating the share-based compensation expense and the value of compound financial instruments, key estimates such as the rate of forfeiture of awards granted, the expected life of options, the volatility of the Company's stock price and the risk-free interest rate are used.

(viii) Income Tax

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Implementation of IFRS 16

The adoption of IFRS 16, Leases, required, as of January 1, 2019, the Company to assess its significant judgments and certain key estimates when apply the standard as noted below and in Note 5.

Critical judgements required in the application of IFRS 16 include the following:

- Identifying whether a contract or part of a contract includes a lease at inception of the contract. The Company's assessment includes the exercise of judgement about whether the contract depends on a specific asset, whether the Company obtains substantially all the economic benefits from the use of the asset, and whether the Company has the right to direct the use of the asset and non-lease components;
- Identifying lease components and allocating the consideration to each lease component on the basis of the relative stand-alone price of each lease component. The Company assesses each lease component for a right to use an underlying asset and, if necessary, determines the relative stand-alone price for each lease component based on current market prices;
- Determining whether it is reasonably certain that an extension, purchase or termination option will be exercised, on a lease by lease basis. The Company considers all facts and circumstances and examines whether there is an economic incentive or penalty affecting the decision to exercise an option; and
- Establishing whether there are multiple leases in an arrangement. The Company's assessment includes the exercise of judgement whether it has the right to control multiple assets within a contract.
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Key sources of estimation uncertainty in the application of IFRS 16 include the following:

- Estimating the lease term. The Company determines the lease term as the non-cancellable period of the lease at the commencement date, adjusted for any purchase, renewal or termination options it deems reasonably certain to exercise;
- Determining the appropriate incremental borrowing rate specific to each leased asset. The Company establishes incremental borrowing rates used as discount factors in discounting payments reflecting the Company's borrowing rate, duration of lease term and credit spread; and
- Assessing whether a ROU asset is impaired if indicators are present.

Unanticipated changes in these judgements or estimates could affect the identification and determination of the fair value of lease liabilities and ROU assets at initial recognition, as well as the subsequent measurement of lease liabilities and ROU assets. Changes in the economic environment or changes in the cannabis and retail industry may impact management's assessment

of lease terms, and any changes in Management's estimate of lease terms may have a material impact on the Company's statement of financial position and Statement of Operations and Comprehensive Loss. In addition, the Company's assessed incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment and cannabis industry and the Company's creditworthiness.

These items could potentially result in changes to amounts reported in the Consolidated Statements of Operations and Comprehensive Loss and Financial Position of the Company.

Signification Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Additional Disclosure for Venture Issuers without Significant Revenue

A breakdown of all material components of expenses of the Corporation is set forth in the annual financial statements for the year ended December 31, 2019.

Description of Securities Outstanding

As at December 31, 2019, Ikänik Farms had 12,281,269 common shares, 532,611 series A shares, 2,850,000 options, 50,250 series A options, 12,000,890 common share purchase warrants, 29,217 series A share purchase warrants, 12,814,000 convertible debentures convertible into common shares, 325,000 convertible into series A shares 520,066 broker warrants and 973,344 advisory warrants issued and outstanding. The terms of the convertible securities are set out in the Listing Statement and throughout this MD&A.

Subsequent Events

PIDEKA Stock Transfer Agreement

On February 18, 2020, the Company completed a Stock Transfer Agreement with the prior shareholders of Pideka to transfer all of the issued and outstanding shares of Pideka to Ikänik Farms in exchange for an aggregate of 33,333,333 Ikänik Farms Common Shares.

Ikänik Farms 2020 February Private Placement

On February 24, 2020 Ikänik Farms completed a non-brokered private placement of 1,897,429 common shares at a price of \$1.20 per common shares for aggregate gross proceeds of \$2,276,913.

Continuance into British Columbia

On March 30, 2020, Ikänik Farms continued into the Province of British Columbia. The Corporation's also changed its registered office to 2200 HSBC Building 885 West Georgia Street, Vancouver BC, V6C 3E8.

Ikänik Farms 2020 April Private Placement

On April 21, 2020 Ikänik Farms completed a non-brokered private placement of 11,250 series A share units (consisting of one common share and one common share purchase warrant) at a price of \$40.00 per series A share unit for aggregate gross proceeds of \$450,000.

May 3, 2020 Penalty Issuance

Pursuant to a penalty provision under the 2019 Agency Agreement, if the liquidity vent had not taken place within 12 months of the Ikänik Farms 2019 Private Placement closing date, Ikänik Farms was to issue additional: (a) Convertible Debentures on the basis of 10% of an Ikänik Farms 2019 Convertible Debenture for each one (1) Convertible Debenture held, (b) additional common share purchase warrant on the basis of one (1) common share purchase warrant for each ten (10) common share purchase warrants held and (c) additional series A share purchase warrant on the basis of one (1) series A share purchase warrant for each ten (10) series A share purchase warrant held with no fractional securities to be issued. Accordingly, on May 3, 2020, Ikänik Farms issued an additional 1,300 Convertible Debentures, 1,050,748 common share purchase warrants and 266 series A share purchase warrants.

Ikänik Farms 2020 June Private Placement

On June 23, 2020 Ikänik Farms completed a private placement of 100 Convertible Debentures at a price of \$1,000 per unit for aggregate gross proceeds of approximately \$100,000.

Immediately prior to the completion of the Reverse Take-Over, each Convertible Debenture converted into that number of units as is equal to the principal amount of the Convertible Debenture (plus any interest accrued thereon) divided by a conversion price as set forth in the subscription agreements to the private placement. Each unit consisted of one common share and one common share purchase warrant entitling the holder to exercise it for one common share at a price that is equal to 1.3 times the conversion price for a period of two years from the date of issuance.Ikänik Farms 2020 September Private Placement

On September 18, 2020 Ikänik Farms completed a non-brokered private placement of 14,464,482 common share units (consisting of one common share and one common share purchase warrant) at a price of \$0.40 per common share unit for gross proceeds of \$5,785,792.75.

Ikänik Farms 2020 November Private Placement

On November 13, 2020 Ikänik Farms completed a non-brokered private placement of 6,484,940 common share units (consisting of one common share and one common share purchase warrant) at a price of \$0.55 per common share unit for aggregate gross proceeds of \$3,566,717.

D9C Acquisition

On June 23, 2020 Ikänik Farms entered into a Stock Transfer Agreement (the “**Initial D9C Agreement**”) with the prior shareholders of D9C to transfer all of the issued and outstanding shares of D9C (the “**D9C Shares**”) to Ikänik Farms in exchange for an aggregate of 10,000,000 Ikänik Farms Common Shares at a price of \$0.40 (the “**D9C Acquisition**”). On December 7, 2020, Ikänik Farms and D9C mutually terminated the agreement. However, the parties entered into a new agreement on December 14, 2020 with amended terms (the “**New D9C Agreement**” and, together with the Initial D9C Agreement, the “**D9C Agreement**”). Pursuant to the D9C Agreement, the 10,000,000 Ikänik Farms Common Shares are to be issued upon the completion of the D9C Conditions (as defined below) but will be held in escrow. The delivery of the Ikänik Farms Common Shares to former shareholders of D9C as part of the D9C Acquisition is conditional upon the receipt of certain regulatory requirements by D9C and Ikänik Farms, including delivery to Ikänik Farms of the following items (the “**D9C Conditions**”):

1. Within 10 business days following the receipt of certain assignment, corporate and tax documentation, each as deemed satisfactory by Ikänik Farms, 6,000,000 common shares (or Resulting Issuer Subordinate Voting Shares if the condition is met subsequent to the Reverse Take-Over) shall be delivered ratably to the former shareholders of D9C at which point ownership and control of D9C shall be transferred to Ikänik Farms;
2. Within 10 business days following the receipt of certain corporate documents, import registrations and certifications and receipt of seeds as deemed satisfactory by Ikänik Farms, 2,000,000 common shares (or Resulting Issuer Subordinate Voting Shares if the condition is met subsequent to the Reverse Take-Over) shall be delivered ratably to the former shareholders of D9C; and
3. Within 10 business days following the delivery to Ikänik Farms of a copy of validly issued seed and genetic registration certificates and a cultivation permit satisfactory by Ikänik Farms, 2,000,000 common shares (or Resulting Issuer Subordinate Voting Shares if the condition is met subsequent to the Reverse Take-Over) shall be delivered ratably to the former shareholders of D9C.

Ikänik Farms expects that the D9C Conditions will be satisfied by April 2021.

If the satisfaction of each of the D9C Conditions above does not occur by December 23, 2021 Ikänik Farms will transfer the D9C Shares back to the former shareholders of D9C and each of the former shareholders of D9C will transfer any common share of Ikänik Farms received as part of the D9C Acquisition back to Ikänik Farms and any common shares held in escrow shall be cancelled.

Ikänik Farms 2021 January Issuance

On January 8, 2021, Ikänik Farms issued a total of 125,000 Ikänik Farms Common Shares and 5,908 Ikänik Farms Series A Shares at a price of \$0.40 and \$40.00, per Ikänik Farms Common Share and Ikänik Farms Series A Share, respectively, representing a dollar amount of \$286,320 in the aggregate, to employees and one supplier of Ikänik Farms in satisfaction of services previously rendered.

Subsequent Stock Option Issuances

Subsequent to December 31, 2019, the Company granted a total of 3,305,000 stock options with an exercise price of \$0.40 per share to its directors and employees.

Ikänik Farms 2021 Post-Listing Private Placement

On March 8, 2021, Ikänik Farms entered into an irrevocable subscription agreement (the “**Subscription Agreement**”) with an arm’s length third party (the “**Subscriber**”) to complete a non-brokered private placement (the “**Post-Listing Private Placement**”) in common shares of the Resulting Issuer for aggregate gross proceeds of \$30,000,000 (the “**Subscription Amount**”), payable upon closing of the Post-Listing Private Placement. Pursuant to the terms of the Subscription Agreement, the Subscriber will receive such number of Resulting Issuer Subordinate Voting Shares as is equal to the Subscription Amount divided by 90% of the volume weighted average price per Resulting Issuer Subordinate Voting Share during the ten (10) consecutive trading days immediately prior to the applicable date of calculation, with such date being a date that is no earlier than the fifteenth (15th) business day and no later than the forty-fifth (45th) business day following the completion of the Liquidity Event, to be selected by the Resulting Issuer. The Subscription Agreement contains various conditions to closing, including, but not limited to, the receipt of all necessary approvals and consents, including regulatory approvals and the approval of the CSE in respect of the Post-Listing Private Placement and also stipulates that the Resulting Issuer Subordinate Shares shall not be issued at a price that is lower than the amount permitted pursuant to the policies of the CSE.

