Annual Information Form

For the Year Ended July 31, 2021
All figures expressed in Canadian Dollars

November 29, 2021

Table of Contents

Annual Information Form

In this Annual Information Form (the "**AIF**"), unless otherwise noted or the context indicates otherwise, the "**Company**", "**THC BioMed**" "**we**", "**us**" and "**our**" refer to THC BioMed Intl Ltd. and its wholly-owned subsidiaries. All financial information in this AIF is prepared in Canadian dollars and using International Financial Reporting Standards. The information contained herein is dated as of July 31, 2021, unless otherwise stated.

Forward-Looking Statements

This AIF contains certain information that may constitute "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can, in some cases, be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this AIF are made only as of the date of this AIF. Forward-looking statements in this AIF include, but are not limited to, statements with respect to:

- the Company's operations are dependent on key technical personnel, and the loss of such personnel could have a significant impact on the Company's ability to conduct its activities
- competition
- currency fluctuations and exchange rates
- the Company's ability to continue as a going concern
- the Company may not be able to obtain all necessary funding for its operations, on terms satisfactory to the Company or at all
- credit risk
- the Company's dependence on information technology systems
- risks that the Company's software and applications may contain security problems, security vulnerabilities, or defects in design or manufacture, including "bugs" and other problems that could interfere with the intended operation of its software
- risks related to the volatility of customer demand for the Company's products
- risks associated with cybersecurity and privacy violations, in particular given the Company's operations are highly dependent on online technologies and the Company obtains a significant amount of personal information in the course of operations
- duration and impact of COVID-19 on our business plans, objectives and expected operating results

Certain of the forward-looking statements and other information contained herein concerning the medical and the adult recreational use cannabis industry and the general expectations of THC BioMed concerning the medical and the adult recreational use cannabis industry and concerning THC BioMed are based on estimates prepared by THC BioMed using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which THC BioMed believes to be reasonable. While THC BioMed is not aware of any misstatement regarding any industry or government data presented herein, the medical and the adult recreational use cannabis industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third-party information.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. In particular, but without limiting the foregoing, disclosure in this AIF under "General Development of the Business" as well as statements regarding the Company's objectives, plans and goals, including future operating results and economic performance may make reference to or involve forward-looking statements. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. See below under "*Risk Factors*" for further details. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this AIF. THC BioMed undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Glossary

The following terms used in this AIF and not otherwise defined, have the following respective meanings.

*"***ACMPR***"* means the *Access to Cannabis for Medical Purposes Regulations* (Canada).

"**AIF**" or "**Annual Information Form**" means this annual information form of the Company dated November 29, 2021.

"**Cannabis**" has the meaning given to such term in the Cannabis Act.

"**Cannabis Act**" means the *Cannabis Act*, SC 2018, c 16.

"**Cannabis Product**" has the meaning given to such term in the Cannabis Regulations.

"**Cannabis Regulations**" means the *Cannabis Regulations*, SOR/2018-144.

"**CBD**" has the meaning given to such term in the Cannabis Regulations.

"**Common Shares**" means common shares in the capital of the Company.

"**Facility**" means THC BioMed's cannabis facility which is 29,940 square feet, of which 11,107 square feet is dedicated for cultivating cannabis flower, 15,883 square feet features ancillary services, and 3,000 square feet was under renovation which has received Health Canada approval and in use for ancillary services for edible production effective August 1, 2021.

"**Health Canada**" is the Canadian federal department responsible for health.

"**IFRS**" means the International Financial Reporting Standards.

"Key Personnel" means directors, officers, individuals who exercise, or are in a position to exercise, direct control over a licence holder, either in their individual capacity or as a director or officer of a corporation or as a partner in a partnership, and other individuals identified by the Minister, who must hold valid security clearances.

"**Licence**" means a licence issued under the *Cannabis Regulations*, or when used in reference to a time frame prior to October 17, 2018, a licence issued under the ACMPR or MMPR, as applicable

"**Licence Holder**" or "**Licensed Producer**" means the holder of a licence issued under the *Cannabis Act* and *Regulations*, or when used in reference to a time frame prior to October 17, 2018, a licence issued under the ACMPR or MMPR, as applicable.

"**MMPR**" means the *Marihuana for Medical Purposes Regulations* (Canada).

"**N1 52-110**" means National Instrument 52-110 Audit Committees.

"**Provincial Cannabis Authorities**" means any provincially or territorially authorized governmental authority with jurisdiction over cannabis, including the: (i) Liquor and Cannabis Regulation Branch of British Columbia, (ii) Alberta Gaming, Liquor and Cannabis Commission, (iii) Saskatchewan Liquor and Gaming Authority, (iv) Liquor, Gaming and Cannabis Authority of Manitoba, (v) Alcohol and Gaming Commission of Ontario, (vi) Société Québécoise du Cannabis, (vii) Newfoundland and Labrador Liquor Corporation, (viii) New Brunswick Liquor Corporation, (ix) Nova Scotia Liquor Corporation, (x) PEI Liquor Control Commission, (xi) Yukon Liquor Corporation, (xii) NWT Liquor & Cannabis Commission, and (xiii) Nunavut Liquor and Cannabis Commission.

Corporate Structure

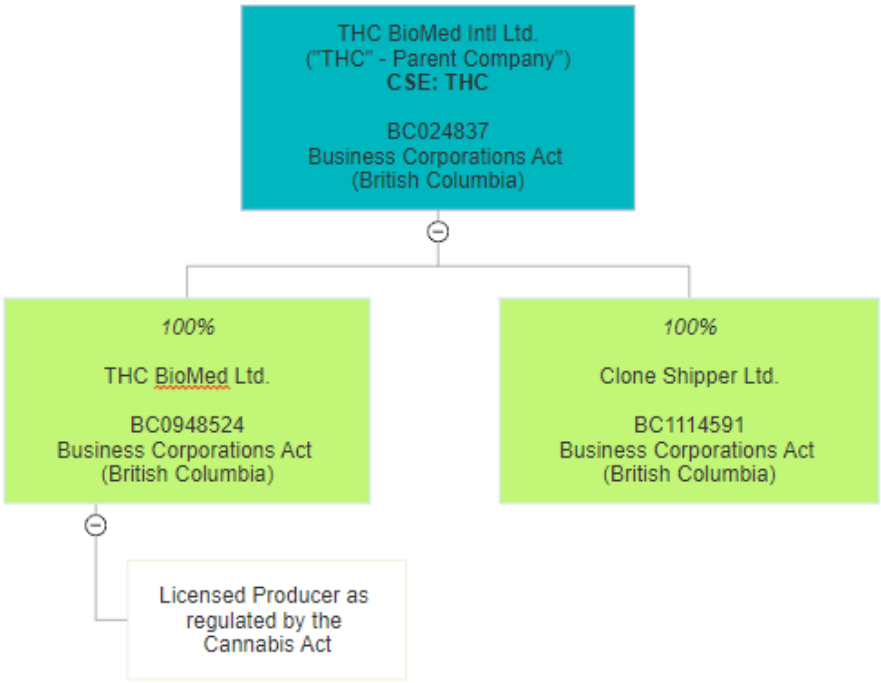
Name, Address and Incorporation

The Company was formed by articles of incorporation under the *Business Corporations Act* (British Columbia) ("BCBCA") on February 2, 1982 under the name "Ansco Resources (B.C. Ltd.)" The Issuer was continued under the BCBCA on July 23, 2004. On February 16, 1989, the Issuer changed its name from "Ansco Resources (B.C.) Ltd." to "Sunstate Resources Ltd." On October 5, 1999 the Issuer changed its name from "Sunstate Resources Ltd." to "International Sunstate Ventures Ltd." On April 12, 2002, the Issuer changed its name from "International Sunstate Ventures Ltd." to "Thelon Ventures Ltd." On February 4, 2010, the Issuer changed its name from "Thelon Ventures Ltd." to "Thelon Capital Ltd." and began trading on the TSXV. On March 23, 2015, the Company changed its name to THC BioMed Intl Ltd.

The Company's head office is located at 1340 St. Paul Street, Kelowna, B.C. Its registered and records office is located at Suite 2900, 595 Burrard Street, Vancouver B.C. V7X 1J5.

Intercorporate Relationships

The following chart illustrates, as of the date of this AIF, the Company's material subsidiaries and their respective jurisdictions of incorporation. The Company directly owns all securities of the subsidiaries.



THC BioMed Ltd. was incorporated on August 22, 2012.

Clone Shipper Ltd. was incorporated on May 9, 2017.

Please note that his table does not include non-material subsidiaries whose total assets or revenues do not exceed 10% of those of the Company.

General Development of the Business

Overview of THC BioMed Business & Corporate Strategy

THC BioMed's common shares (the "**Common Shares**") are publicly traded on the Canadian Securities Exchange ("**CSE**") under the symbol "**THC**", OTCQX Best Market ("**OTCQX**") under the symbol "**THCBF**", and on the Frankfurt Stock Exchange ("**FRA**") under the symbol "**TFHD**". THC BioMed Intl Ltd. is a small batch Licensed Producer of high-quality cannabis products for Canada's medical and recreational markets.

As at the date of this AIF, THC BioMed's portfolio includes THC BioMed Ltd. which is a Licensed Producer under the Cannabis Act, and Clone Shipper Ltd., which owns all rights to the Clone Shipper containers for the transportation of live plants. THC BioMed's cannabis products are sold in B.C., Saskatchewan, Ontario, Manitoba and the Yukon. The Clone Shipper containers are available world-wide via Amazon.

Mission Statement

THC BioMed will continue producing small batches of high quality and reliable quantities, concentrating on edibles. It distinguishes itself from the competition by offering economical plant science. The Company will achieve this by providing Canadians with safe cannabis products that offer the greatest possible effect in the most cost-efficient way.

Vision

THC BioMed's vision is to provide innovative and effective products that cannabis users enjoy, focusing on the edibles market.

Corporate Strategy

THC BioMed is one of Canada's oldest and active licensed cannabis companies. It is a small batch producer that passionately grows its strains organically, with the purest nutrients and without pesticides or other exogenous chemicals. It aims to be a leader in the beverage and edible categories by supplying Canadians with clean, safe, and affordable cannabis products.

From December 2016 to November 2019, THC BioMed sold clones to licensed medical cannabis patients. Then in August 2017, it started offering a wide variety of medicinal genetics of dried flowers to medical patients. Upon the legalization and regulation of cannabis through the Cannabis Act on October 17, 2018, the Company launched its products to the recreational cannabis market. Presently, THC BioMed products are accessible to all medical patients around Canada via its web store and are available in dispensaries in four Canadian provinces and one territory (British Columbia, Ontario, Saskatchewan, Manitoba and the Yukon).

THC BioMed has extensive experience in processing, packaging, and shipping live cannabis clones, dried cannabis, and edibles. It is one of the few Licensed Producers to offer clients live cannabis clones, which are shipped using its specially-designed Clone Shipper containers. The Company has also learned how to implement modern packaging techniques that are childproof and allow for long-term storage. To date, THC BioMed has provided clients with thousands of jars of dried cannabis, live cannabis clones, and edibles shipped straight to their doors.

Currently, THC BioMed carries 21 medical cannabis strains, five of which are proprietary. Through customer feedback, internal systems, and external services, the Company has been able to identify patient trends related to preferred strains and tailor five proprietary strains to suit its customers. Further, the Company provides six cannabis strains, based on patient trends, in its medical store.

To position itself as a leader in the beverage and edibles category, THC BioMed introduced more flavors and new products for *THC Kiss*, our line of beverages and edibles produced from a proprietary blend. Starting with the innovative *THC Kiss Guava Beverage Shot* and *THC Kiss Strawberry Gummies*, *THC Kiss* now boasts seven delicious flavors of *THC Kiss* products. In 2021, *THC Kiss* launched new flavors such as *THC Kiss Mango Beverage Shot* and *THC Kiss Orange Gummies*. Further, it expanded its edibles with *THC Kiss Biscuits*, offering classic flavours as cocoa, cinnamon, and shortbread. THC BioMed will continue developing new products for *THC Kiss* to provide the cannabis market with more ways of consuming cannabis. The next *THC Kiss* product is a carbonated beverage, with a projected launch in 2022.

THC BioMed will continue producing small batches of high quality and reliable quantities, concentrating on edibles. It distinguishes itself from the competition by offering economical plant science. The Company will achieve this by providing Canadians with safe cannabis products that offer the greatest possible effect in the most cost-efficient THC BioMed is committed to creating value for shareholders by executing on a focused and competitive strategy. Led by this goal, THC BioMed operates with three strategic priorities:

1. offer brands that provide superior customer experiences;
2. generate revenue; and
3. produce high-quality products efficiently.

THC BioMed continues to conduct research & development and industry outreach to be capable of producing or acquiring products and opportunities that will benefit the Company.

Brands and Businesses

THC BioMed is located in Kelowna, B.C., Canada. It is a small batch Licensed Producer of cannabis and sells to the medical and adult recreational markets in Canada. It offers several edible products including the best seller "*THC Kiss*" cannabis beverage shot. THC BioMed has developed other *THC Kiss* brand products including *THC Kiss Gummies* and *THC Kiss Biscuits.* THC BioMed has approximately 45 employees.

THC Kiss Beverage Shot

The Company will concentrate on producing a cannabis beverage shot, *THC Kiss. THC Kiss* was developed by the Company using proprietary extraction methods.

The regulations place a limit of 10 milligrams ("mg") of tetrahydrocannabinol per separate unit for a cannabis beverage. Currently *THC Kiss* is packaged in glass bottles and displays the standardized cannabis symbols along with a health warning message. The beverage comes in guava and mango flavours with more flavours coming soon.

THC Kiss Gummies

THC Kiss Gummies are chewy flavoured gummy candies containing 2.5 mg of tetrahydrocannabinol each. Each bag of *THC Kiss Gummies* contains 7.5 mg of tetrahydrocannabinol with 3 gummies in each package or 10 mg of tetrahydrocannabinol with 4 gummies in each package. The cannabis extract used is from the same proprietary extraction system as that used in the *THC Kiss Beverage Shot*. The Company is producing the *THC Kiss Gummies* in strawberry and orange flavours with more flavours to be developed soon.

THC Kiss Biscuits

THC KISS Biscuits are the latest edible from THC BioMed. Each package contains one biscuit with 10mg of tetrahydrocannabinol. *THC Kiss Biscuits* come in cocoa, cinnamon, and shortbread flavors, with more flavors to be developed soon.

Pure Cannabis Sticks

The Company will continue to produce *Pure Cannabis Sticks*, pre-rolls that are filtered, paper cylinders filled with the Company's own pure cannabis to be manufactured using our automated production machine. As cannabis consumers navigate the numerous cannabis brands, THC believes that easy-to-use products will gain popularity such as ready to use pre-rolls over traditional flower purchases.

Pure Cannabis Sticks are packaged in lots of singles with each pre-roll intended for a single-use session containing 0.6 grams of cannabis.

THC BioMed has also engaged a consultant to carry out an enhancement project on the Company's automated cannabis cylinder machine to improve production and add automated packaging to the process.

Dried cannabis flower

The Company operates in a sophisticated complex of indoor growing space in small rooms with the desired light, temperature, and humidity. It allows us to maintain optimal environmental control to regulate all aspects of the growing cycle and produce an exceptionally consistent product. The process is mainly done by hand, from watering, cannabis harvesting, to flower trimming. We choose from only the best-feminized seeds, and our growers especially tend to the cannabis from seed to final product. We know that drying and curing cannabis is a critical step in the process, so we take our time to ensure we don't lose flavor or potency but rather preserve all the terpenes that nature has to offer. Our buds are hand-trimmed at the perfect time and placed on drying racks then cured for an extended time. After drying, the flower is cured for several weeks before final inspection, testing, and then packaging. There are absolutely no pesticides, and critters are kept away by physical means and tightly sealed rooms. Every lot is subject to Health Canada's standardized testing requirements.

THC BioMed focuses on selling its proprietary strains that are:

- **THC Sativa Landrace** is a *proprietary landrace* Sativa strain with its dried bud containing high tetrahydrocannabinol between 18% and 24%;
- **THC Indica Landrace** is a *proprietary landrace* Indica strain with its dried bud containing high tetrahydrocannabinol between 18% and 24%;
- **THC Hybrid Landrace** is a *proprietary hybrid* 60/40 Sativa-dominant strain with its dried bud containing high tetrahydrocannabinol between 18% and 24%;
- **CBD Indica Landrace** is a *proprietary Indica dominant* strain and the dried bud contains high CBD at 11%
- **CBD Sativa Landrace** is a proprietary Sativa dominant strain and the dried bud contains high CBD at 10%

Medical market

The Company is focused on selling our proprietary strains: THC Sativa Landrace, THC Indica Landrace, THC Hybrid Landrace, THC CBD Indica Landrace and THC CBD Sativa Landrace to the medical market. The rest of the supply for the medical market will be made up of an occasional lot of its 16 other common strains which are made in smaller batches and provide clients with a larger assortment of strains. Current packaging of dried cannabis is in jars of 3.5 grams and 7 grams. Dried cannabis containing 15 grams and 28 grams are packaged in childproof jars and pouches. Our five proprietary strains are between 18% to 24% tetrahydrocannabinol and 10% to 11% CBD. The other 11 strains consist of both tetrahydrocannabinol and CBD strains ranging from 12% to 25% tetrahydrocannabinol and 0% to 11% CBD. The *THC Kiss Beverage Shots* are currently packaged in glass bottles containing 10 mg of tetrahydrocannabinol. *THC Kiss Gummies* are packaged three or four to a package (2.5 mg each) with a total of 7.5 mg or 10 mg of tetrahydrocannabinol respectively. *THC Kiss Cookies* are packaged individually with 10 mg of tetrahydrocannabinol per cookie.

Recreational market

The Company is focused on providing its proprietary strains to the adult-use recreational market with occasional batches of its common strains. The Company has supply agreements with the Provinces of British Columbia, Ontario, Saskatchewan, and Manitoba and the Yukon Territory. The recreational offerings include THC's proprietary strains available in 3.5 gram and 7 gram bottles, 28 gram childproof bags, and Pre-Rolls. Pre-rolls contain 0.6 grams of tetrahydrocannabinol and are available in singles and packages of 3 containing 0.5 grams of tetrahydrocannabinol each. The *THC Kiss Beverage Shots* are currently packaged in glass bottles containing 10 mg of tetrahydrocannabinol. *THC Kiss Gummies* are packaged three or four to a package (2.5 mg each) with a total of 7.5 mg or 10 mg of tetrahydrocannabinol respectively. *THC Kiss Cookies* are packaged individually with 10 mg of tetrahydrocannabinol per cookie.

The Facility

THC BioMed's cannabis facility ('the Facility") is 29,940 square feet, of which 11,107 square feet is dedicated for cultivating cannabis flower, 15,883 square feet features ancillary services, and 3,000 square feet was under renovation which has received Health Canada approval and in use for ancillary services for edible production effective August 1, 2021.

Research & Product Development

THC BioMed Ltd. operated under a Section 56 exemption to conduct research and development on cannabis since August 2013. It became a Licence Holder in February 2016.

The Facility contains THC BioMed's extraction lab for processing cannabis extracts and product development.

Through use of the exemptions and licences, the Company has conducted research and developed cannabis products from a relatively early time in the progression of Canadian legal cannabis products. It has developed several of its own proprietary strains of cannabis and an extraction system used for its *THC Kiss* products.

THC BioMed has developed a new product, *THC Kiss Gummies*, with its proprietary extraction method. The formulation of the *THC Kiss Gummies* has been completed and the product is now in production. Management believes that *THC Kiss Gummies* provide the benefits of the *THC Kiss* cannabis beverage shot in a delicious gummy form.

THC BioMed has developed a new product, *THC Kiss Biscuits*, with its proprietary extraction method. The formulation of the *THC Kiss Biscuits* has been completed and the product is now in production. Management believes that *THC Kiss Biscuits* provide the benefits of the *THC Kiss* cannabis beverage shot in a delicious cookie form.

THC BioMed has designed and engineered the strains it offers to the recreational market, with the intent to maximize tetrahydrocannabinol or CBD, as applicable, terpenes and purity. For example, THC Indica is designed to provide a body high that doesn't make you drowsy. THC Sativa is designed to give a user energy and a mental high. *THC Kiss* products are designed to give users both a body and mental high and a feeling of elation. THC BioMed cannabis strains are also designed to cause the least amount of allergic reactions often associated with other cannabis strains.

Significant Acquisitions

THC BioMed did not complete any significant acquisitions during the most recently completed fiscal year.

Three Year History

Fiscal July 31, 2021 (August 1, 2020 to July 31, 2021)

In September 2021, the Company shipped its THC KISS Mango Beverage Shot to BC Cannabis Stores for the first time.

In September 2021, the Company began shipping THC KISS cannabis edibles and dried cannabis to 30 dispensaries in the province Manitoba.

In September 2021, the Company announced that 3 new THC BioMed products were be listed and sold through the Ontario Cannabis Stores: Dragon's Lettuce dried cannabis, THC Kiss Cannabis Biscuits (Cocoa) and THC Kiss Cannabis Biscuits (Cinnamon.) Dragon's Lettuce is the Company's most potent sativa landrace strain. It is cultivated indoors in small batches at our facility in British Columbia. Dragon's Lettuce has a minimum THC potency of 20%. THC Kiss Cannabis Biscuits, Cocoa and Cinnamon, are infused with 10 mg of THC KISS extract, a fast-acting, full-spectrum proprietary cannabis extract invented by THC BioMed.

Fiscal July 31, 2020 (August 1, 2019 to July 31, 2020)

In May 2020, the Company launched its ready-to-drink cannabis beverage shot, *THC Kiss*, to adult use recreational buyers in Saskatchewan. In June 2020, the drink was launched to adult use recreational buyers in B.C. on the B.C. cannabis store website and sold out within hours. The drink was launched to medical customers through the Company's online store in May 2020.

In June of 2020, the Company filed applications for three Canadian trademarks. The proposed design trademarks are the "THC KISS" logo, "THC Plant Science" with the logo and "THC Kiss THC BioMed Plant Science" with the logo. The logo is the swooping leaf logo used by THC for many years. The application will be reviewed and the Company will be notified if there are any objections.

In June 2020, the Company filed for a U.S. trademark for the use of "THC Kiss" in the United States of America.

In June 2020, the Company added a new distributor, National Cannabis Distribution, to its network for adult use recreational sales into Saskatchewan.

In March 2020, the Company appointed a new director, Penelope Laine to the Board and George Smitherman resigned.

In March 2020, the Company began production of its *THC Kiss* cannabis beverage shot and its *Pure Cannabis Sticks* automated pre rolls.

In January 2020, the Company entered into a three year lease to rent an adjacent property to its flagship Acland Road location. The lease term began on March 1, 2020. The Company is using the property for administration, storage and other activities not related to cannabis production. This action has freed up space at the Acland Road location for cannabis production. Pursuant to the lease agreement, THC will pay a rental fee of $3,429.83 per month in the first year, $3,532.73 per month in the second year and $3,638.71 per month in the third year.

On October 2020, the production and sale of cannabis oil, edibles, topicals and extracts were added to the Company's Licence.

On October 18, 2019, the Company purchased an additional strata lot in the industrial complex in Kelowna it currently occupies. The Company had previously purchased strata units in the same building in July, April, February and January of the 2019 calendar year and in December, September, and June of 2018. THC purchased this property as a part of its expansion plan. The new strata lot is being used for production purposes. The purchase price was $391,500.00 plus fees and taxes, for a total of $400,148.82. THC purchased the strata lot for cash and did not require a mortgage.

The Company has experienced some external business disruptions due to COVID-19, including supplier and third-party testing delays. These delays slowed the launch of the *Pure Cannabis Sticks* and deliveries of product to medical and retail buyers. The Company continues to work to mitigate risk and manage disruption to its operations due to COVID-19. It has increased precautionary measures at its Facility, including additional sterilization processes, staggered breaks, and access to personal protective equipment such as gloves and masks.

Fiscal July 31, 2019 (August 1, 2018 to July 31, 2019)

In April and July 2019, the Company received Health Canada's approval to proceed with cannabis production in five additional strata lots at its flagship location on Acland Road in Kelowna, B.C. The increased production space has greatly enhanced the Company's capacity for growing cannabis.

In July 2019, the Company purchased an additional strata lot in the industrial complex in Kelowna it currently occupies. THC previously purchased additional strata units in the same building in April, February and January of this year and in December, September and June of 2018. THC purchased this property as part of its expansion plan. The new strata lot is being used for production purposes. The purchase price was $375,000.00 plus fees and taxes, for a total of $397,179.87. $227,179.87of the purchase price was paid in cash and $170,000.00 was financed through a mortgage.

On May 9, 2019, the Company announced that it had entered into an agreement with the B.C. Liquor Distribution Branch ("BCLDB") to supply a number of its products exclusively to British Columbia.

In February 2019, the Company purchased an additional strata unit in the industrial complex in Kelowna it currently occupies. The Company had previously purchased additional strata units in this building in January of this year and in December, September, and June of 2018. The Company purchased this property as a part of its expansion plan. The purchase price was $350,000.00 plus fees and taxes, for a total of $367,256.30. THC purchased the strata lot for cash and did not require a mortgage. The new strata lot is being used for production.

In March 2019, the Company began shipping its adult use recreational cannabis products to Ontario.

On February 6, 2019, the Company graduated to the OTCQX Best Market to build visibility in the U.S. The Company's trading symbol on the OTCQX is "THCBF."

Also in February 2019, the Company received Health Canada's approval to proceed with cannabis production in two additional strata lots at its flagship location on Acland Road in Kelowna, B.C.

On January 25, 2019, the Company purchased an additional strata lot in the industrial complex in Kelowna it currently occupies. The Company also purchased additional strata units in this building in December, September, and June 2018. The Company purchased this property as a part of its expansion plan due to high demand for its products. The purchase price was $440,000.00 plus fees and taxes, for a total of $450,779.69. The Company purchased the strata lot for cash and did not require a mortgage.

On November 8, 2018, the Company received its *Cannabis Act* Licence from Health Canada on November 8, 2018, which allows the Company to grow, produce and sell cannabis products on a large scale under Canada's new cannabis regime.

In October, 2018, the Company completed its first shipment of adult us recreational cannabis in Canada to the province of British Columbia.

Fiscal July 31, 2018 (August 1, 2017 to July 31, 2018)

On July 11, 2018, that Company announced that it had been selected by the Province of British Columbia as a supplier for adult-use cannabis. THC entered into an agreement to supply non-medical cannabis to the B.C. Liquor Distribution Branch following legalization.

In June 28, 2018, the Company purchased three new strata units at its Kelowna industrial location for a total of $1,636,805, plus fees and taxes, which the Company paid for in cash.

On April 6, 2018, the Company purchased a building located in downtown Kelowna for a total of $1,922,273.63, which the Company paid in cash.

On March 1, 2018, the Company received approval from The Depository Trust Company ("DTC"), making THC's shares DTC eligible and allowing for electronic trading of its shares in the U.S. Investors in the United States can find current financial disclosure and the full depth of book with Real-Time Level 2 Quotes for THC at www.otcmarkets.com.

In February 2018, the Company received Good Manufacturing Practice ("GMP") certification for the production of marijuana plants and dried marijuana. The Company was asked and met the requirements of GOOD MANUFACTURING PRACTICE under the Codex Alimentarius Commission, Recommended International Code of Practices, General Principles of Food Hygiene, CAC/RCP 1-1969, Rev. 4 (2003) for the production of Marijuana Plants, Dried Marijuana (Propagation, Growing, Harvesting, Drying, Curing and Packaging).

In November 2017, the Company completed Phase 1 of its expansion plan. It added 4,000 square feet to the Facility for cannabis production space, increasing the Company's footprint to 20,000 square feet.

Legal Developments

The *Cannabis Act* and the *Cannabis Regulations* came into effect in Canada on October 17, 2018. This act and regulations control the cultivation, processing, possession and sale of cannabis in Canada for both medical and adult recreational use purposes. The *Cannabis Act* and the *Cannabis Regulations* replaced the *Controlled Drugs and Substances Act* (Canada) (the "**CDSA**") and the ACMPR as the governing laws and regulations of cannabis in respect of the production, sale and distribution of cannabis for medical purposes. The *Cannabis Act* also regulates, for the first time, sale of cannabis for adult recreational use purposes.

The *Cannabis Act* provides a licensing and permitting structure for the production, importation, exportation, testing, packaging, labelling, sending, delivery, transportation, sale, possession and

disposal of cannabis for adult recreational use, implemented by regulations made under the *Cannabis Act*. The *Cannabis Act* maintains separate access to cannabis for medical purposes, including providing that import and export permits will only be issued in respect of cannabis for medical or scientific purposes or in respect of industrial hemp.

The *Cannabis Regulations,* among other things, set out regulations relating to the following matters: (1) Licences, Permits and Authorizations; (2) Security Clearances; (3) Cannabis Tracking System; (4) Cannabis Products; (5) Packaging and Labelling; and (6) Cannabis for Medical Purposes.

Under the *Cannabis Act*, "cannabis" is defined to include: (a) any part of a cannabis plant, including the phytocannabinoids produced by, or found in, such a plant, regardless of whether that part has been processed or not, other than: (i) a non-viable seed of a cannabis plant, (ii) a mature stalk, without any leaf, flower, seed or branch, of such a plant, (iii) fiber derived from such mature stalk and (iv) the root or any part of the root of such a plant; (b) any substance or mixture of substances that contains or has on it any part of such a plant, and (c) any substance that is identical to any phytocannabinoid produced by, or found in, such a plant, regardless of how the substance was obtained.

Licences, Permits and Authorizations

The *Cannabis Regulations* establish the following six classes of licences under the *Cannabis Act*:

- cultivation licences;
- processing licences;
- licences for sale;
- analytical testing licences;
- research licences; and
- cannabis drug licences.

The *Cannabis Regulations* also create subclasses of cultivation licences (standard cultivation, micro-cultivation and nursery), processing licences (standard processing and micro-processing) and licences for sale (for medical purposes). Different licences and each subclass therein, carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each licence category and each subclass. Any licence issued will be valid for no more than five years. A licence, once issued, identifies the specific activities that the licencee is authorized to conduct. A Licence Holder is permitted to carry out those activities permitted to be conducted pursuant to the *Cannabis Regulations* that are set out in the Licence.

Other licences regulated under the *Cannabis Regulations* are process, medical sale, analytical testing, research and cannabis drug licences. A medical sales licence allows a holder to sell cannabis products to registered clients authorized to use cannabis for medical purposes in Canada, other Licence Holders, the Minister of Health (the "**Minister**") and certain hospital employees. An analytical testing licence allows testing of cannabis and cannabis products. Research licences entitle the holder to, for the purpose of research, possess, produce and transport cannabis between sites authorized by the licence, and distribute cannabis to another research licence holder, an analytical testing licence holder, a cannabis drug licence holder, a research subject or the Minister.

Security Clearances

The *Cannabis Regulations* require that certain individuals associated with a Licence Holder for cultivating, processing or sale obtain security clearances. Key Personnel must hold valid security clearances. In addition, a number of Key Personnel involved in the Licence Holder's activities related to cannabis are required to hold security clearances, including the "responsible person" and the "head of security." The "master grower" associated with any cultivation licence, and the "quality assurance person" associated with any processing Licence, must each also hold a security clearance. Alternate individuals tasked as Key Personnel with these operational roles must also hold security clearances. The Minister grants security clearances if the Minister determines that the applicant does not pose an unacceptable risk to public health or public safety, including the risk of cannabis being diverted to an illicit market or activity.

Cannabis Tracking System

Pursuant to the *Cannabis Act*, the Minister has established a national cannabis tracking system, known as the Cannabis Tracking and Licensing System (the "**CTLS**"). The CTLS provides a single-entry-point online secure platform for filing applications for security clearances and Licences under the *Cannabis Regulations*. It also permits the Minister to track cannabis through the supply chain to help prevent

diversion of cannabis into, and out of, the legal market. Licence Holders are required to submit monthly reports to the Minister relating to inventory of their cannabis products, among other things.

Cannabis Products

The *Cannabis Regulations* permit sale to consumer of cannabis products in the dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds classes of cannabis. The sale of cannabis edible products, cannabis topical products (other than cannabis oil for such use) and cannabis extract products other than cannabis oil (such as hashish, wax and vaping products) are not permitted for sale. Amendments to the *Cannabis Regulations* allowed for such sale starting on October 17, 2019. The *Cannabis Regulations* require processors to file a notice with Health Canada at least sixty days before releasing a new product to the market.

The *Cannabis Regulations* acknowledge that a range of product forms should be enabled to help the legal industry displace the illicit market. Additional product forms that are mentioned under the *Cannabis Regulations* include vaporization cartridges manufactured with dried cannabis. Specific details related to these new products are to be set out in a subsequent regulatory proposal.

Packaging and Labelling

The *Cannabis Regulations* require plain packaging for cannabis products, including strict requirements for logos, colours and branding. Cannabis package labels must include specific information, such as: (i) product source information, including the class of cannabis and the name, phone number and email of the processor; (ii) a mandatory health warning, rotating between Heath Canada's list of standard health warnings; (iii) the Health Canada standardized cannabis symbol; and (iv) information specifying THC and CBD content.

These requirements are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis, while also reducing the appeal of cannabis to youth and promoting safe consumption.

Health Products Containing Cannabis

Health Canada is taking a scientific, evidenced-based approach for the oversight of health products with cannabis that are approved with health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs, veterinary health products and medical devices (discussed further below). Under the current regulatory framework, these health products are subject to the FDA and its regulations, in addition to the *Cannabis Act* and the *Cannabis Regulations*. The *Cannabis Exemption* (*Food and Drugs Act*) *Regulations* exempt cannabis from the FDA unless, among other things, therapeutic claims are made in association with such products. For many of these products, such as drugs, natural health products and most classes of medical devices, pre-market approval is required. Note, when the *Cannabis Act* and *Cannabis Regulations* were introduced, the *Natural Health Products Regulations* under the FDA were amended to essentially prohibit cannabis products from being regulated as a natural health product. Instead, cannabis, if not exempt from the FDA, will be treated as a drug product. On June 19, 2019, Health Canada announced a new public consultation in relation to a potential new category of products referred to as "cannabis health products". The comment period closed on September 3, 2019. This new category may potentially address the current gap in the legislation/regulations that essentially prohibits health claims from being made in relation to cannabis products (including medical cannabis).

Promotional Activity

The *Cannabis Act* contains strict restrictions on the promotion of cannabis products. The *Cannabis Act* generally prohibits promotions of cannabis, cannabis accessories, and services related to cannabis, subject to certain exceptions. Brand preference or informational promotion may be compliant if it is communicated in a fashion that excludes young people. Within permitted channels for promotional activity, content restrictions prohibit any promotional activity that (a) communicates price or distribution, (b) could be appealing to young persons, (c) includes a testimonial or endorsement, (d) depicts a person, character or animal, whether real or fictional or (e) presents in way that evokes a positive or negative emotion about or image of, a way of life such as one that includes glamour, recreation, excitement, vitality, risk or daring. Licence Holders are not permitted to promote cannabis or a cannabis accessory in a manner that is false, misleading or deceptive or that is likely to create an erroneous impression about its characteristics, value, quantity, composition, strength, concentration, potency, purity, quality, merit, safety, health effects or health risks. Display of a brand element in sponsorship of a person, event, entity, activity or facility, and naming of a sports or cultural facility with a cannabis brand element, are also prohibited. The *Cannabis Act* also prohibits offering cannabis or a cannabis accessory without consideration or as consideration for other purchases or transactions. Similarly, it is prohibited to offer benefits conditional on purchase of cannabis or a cannabis accessory.

Cannabis for Medical Purposes

Cannabis for medical use regulations were previously found in the ACMPR under the CDSA but that was changed to the *Cannabis Regulations* under the *Cannabis Act* on October 17, 2018. Part 14 of the Cannabis Regulations is similar to the medical cannabis regulatory framework under the ACMPR, with adjustments to create consistency with regulations applicable to adult recreational use, to improve patient access, and to reduce the risk of abuse within the medical access system. Under Part 14 of the *Cannabis Regulations*, patients have three options for obtaining cannabis for medical purposes: (i) register a medical document with a holder of a medical sales licence to become a client of, and to purchase cannabis products from, the medical sales licence holder; (ii) register a medical document with Health Canada to produce a limited amount of cannabis; or (iii) register a medical document with Health Canada to designate someone else to produce a limited amount of cannabis for them. With respect to (ii) and (iii), starting materials, such as cannabis plants or cannabis plant seeds, must be obtained from a medical sales licence holder, or from a cultivation licence holder or processing licence holder at the direction of a medical sales licence holder.

The *Cannabis Regulations* provide that a medical document authorizing the use of cannabis for medical purposes must include the daily quantity of cannabis authorized for the patient by the healthcare practitioner who provides the medical document. The maximum amount of cannabis products that may be sold to the patient are based on this daily quantity.

Provincial Regulatory Framework

The *Cannabis Act* allows for the possession, sale, and distribution of cannabis by persons authorized under provincial legislation. Such provincially authorized persons may only sell cannabis products sourced from Licence Holders.

All Canadian provinces and territories have regulated the distribution and sale of cannabis for adult recreational use purposes, allowing all Canadians over the age of 19 (18 in Alberta and Québec) to purchase cannabis products without medical access. The only provinces with restrictions on classes of

cannabis that may be sold in the adult recreational use markets are Québec and Manitoba, where plants and seeds are not sold because personal cultivation for adult recreational use purposes is prohibited in those two provinces. Regardless of the framework, all cannabis products for the adult recreational use cannabis market are ultimately supplied by federally licensed cultivators (plants and seeds only) and processors (all saleable classes of cannabis – currently dried cannabis, cannabis oil, plants and seeds; fresh cannabis is also saleable).

In most provinces and territories, a liquor or cannabis authority operated by the province serves as a wholesaler, with retailers purchasing cannabis products from the liquor or cannabis authority or from provincially licensed distributors. The wholesalers, in turn, acquire the cannabis products from federally licensed cultivators and processors. Retail stores and online sales of adult recreational use cannabis products are regulated as part of the private sector or as public entities as in the following chart:

Activity	Privately Operated	Publicly Operated
Retail store adult recreational use sale	British Columbia Alberta Saskatchewan Manitoba Ontario Newfoundland Nunavut Northwest Territories Yukon	British Columbia Québec New Brunswick Nova Scotia Prince Edward Island Yukon Northwest Territories
Online adult recreational use sale	Manitoba Saskatchewan	British Columbia Alberta Ontario Québec New Brunswick Nova Scotia Prince Edward Island Newfoundland Yukon Northwest Territories Nunavut

Markets, Distribution and Production

Markets

The *Cannabis Regulations* permit the sale to the public of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, cannabis edible products, cannabis topical products and cannabis extracts.

The *Cannabis Regulations* authorizes a holder of a licence for sale for medical purposes to possess cannabis products and to sell and distribute cannabis products, in addition to sale and distribution to clients: (a) cannabis products to a holder of any licence, other than a licence for cultivation; (b) dried cannabis, fresh cannabis, cannabis plants and cannabis plant seeds, that are cannabis products, to a holder of a licence for micro-cultivation or standard cultivation; and (c) cannabis plants and cannabis plant seeds, that are cannabis products, to a holder of a licence for a nursery.

Distribution

During the year ended July 31, 2021, the Company distributed its product to B.C., Saskatchewan, Ontario, Manitoba and the Yukon. The Company's distribution arrangements have made THC BioMed products best sellers.

Manufacturing and Processing Operations

The Company's cannabis Facility, is 30,315 square feet, of which 11,332 square feet is currently dedicated for cultivating cannabis flower, 15,983 square feet features ancillary services, and 3,000 square feet is currently under renovation and/or reserved for future additional grow space.

The Company grows its cannabis indoors and in small batches. This is done to enhance the quality of the cannabis. The Company's dried cannabis flower product that is not sold in bottled form is either sold as pre-rolls or used to create cannabis-infused products. The Company has dedicated approximately 5,000 square feet to the development and production of cannabis-infused products.

The Company has an automated machine and is producing *Pure Cannabis Sticks*, mainly for its medical patients. When the provinces start to include orders for the *Pure Cannabis Sticks* in their purchase orders, the Company is ready, willing and able to deliver them. The Company currently does not produce sufficient quantities of the automated *Pure Cannabis Sticks* to have the machine producing at full capacity. In the current legal recreational market in Canada, the provinces send purchase orders as they sell other products, anticipating their short-term needs. The Company has adequate capacity to fulfill all such orders from the provinces they distribute to. At the point where demand exceeds capacity of cannabis available, the Company is prepared to contract with other Licence Holders for increased production but this kind of contract is not required at the moment. The Company also hand rolls pre-rolls but will be phasing them out in favour of the automated production line.

The Company processes its products in the Facility as well, giving it greater control over product quality and cost management. The Company is managing its cultivation and production to ensure efficiency and minimize waste.

Specialized Skills and Knowledge

The production of cannabis is a specialized skill. Management believes the production of premium cannabis at a commercial scale is a particularly valuable skillset for the development of future domestic and global business operations. THC BioMed's high quality and experienced growing team is focused on continuously improving its growing and production techniques and has refined and developed an advanced, disciplined approach with a focus on producing premium and consistent cannabis. The production of cannabis is closely monitored by THC BioMed management with a focus on producing premium dried cannabis.

The Company's quality assurance team is led by a group of experienced operators and scientists and is focused on generating a premium and consistent product that meets or exceeds Health Canada standards.

The Company also focusses on in-house research and has developed not only its own proprietary strains of cannabis but its own extraction methods, which it does in-house. The extract is used for its proprietary products being branded under the name "THC Kiss".

Storage and Security

Part 4 of the *Cannabis Regulations* sets out physical security measures that are required and are necessary to secure sites where licence holders conduct activities with cannabis. The Facility contains various secure storage rooms equipped with security cameras, motion sensors, code locked doors and

seismic sensors that set off alarms when vibrations are detected. Health Canada has issued a guidance document entitled “Physical security measures guide for cannabis: Requirements under Part 4 of the Cannabis Regulations” to assist licencees with compliance with the Cannabis Regulations’ physical security measures.

Health Canada may conduct *ad hoc*, unscheduled site inspections of Licence Holders to assess, among other things, compliance with the physical security requirements under the *Cannabis Regulations*. The Company has completed multiple such inspections in relation to the security requirements under the ACMPRs as well as under the *Cannabis Regulations*. Subsequent to each inspection, the inspector provides a report in which the licencee is found to be “compliant” or “non-compliant”. As of the date hereof, the Facility’s most recent inspection yielded a result of “compliant”.

Marketing Plans and Strategies

The Company cultivates many strains of cannabis. Some strains are only available to medical patients. This is because the Company is focusing on branding by offering its unique proprietary strains to the recreational market. All strains that the Company sells to the recreational market have been developed by the Company. These strains create the unique THC BioMed brand. Many other Licence Holders are selling strains that were received from the original seed or clone suppliers. Several Licence Holders have received and are selling what are effectively the same strains as other Licence Holders. The Company has designed and engineered the strains it offers to the recreational market, maximizing THC, terpenes and purity. For example, THC Indica is designed to provide a body high that doesn’t make you drowsy. THC Sativa is designed to give a user energy and a mental high. THC Kiss products are designed to give users both a body and mental high and a feeling of elation. THC BioMed cannabis strains are also designed to cause the least amount of allergic reactions often associated with other cannabis strains. These factors set THC BioMed’s products apart from some of the more generic strains available to recreational consumers.

The Company has taken many of the most popular strains that were available on the black and grey markets and improved on them. THC BioMed brand cannabis strains are unique and proprietary. You can only get these new and improved strains from the Company.

The Company intends to focus on beverages and edibles in the adult use recreational market in Canada and will look at international market opportunities, for example in the United States, if and when they open up and adult use recreational cannabis becomes legal in attractive markets.

Reporting Requirements

In addition to general reporting requirements prescribed by the *Cannabis Regulations*, the Company’s License requires that it make a report of information including, but not limited to, the following to the Office of Controlled Substances of Health Canada on a monthly basis:

1. With respect to fresh and dried cannabis, edibles, extracts, topicals, cannabis plants and cannabis plant seeds, the Company must report the total amount produced in the reporting period, the amount released for sale in the reporting period, the amount of fresh and dried cannabis produced in the reporting period and intended for extraction activities, and the amount received from other Licensed Producers during the reporting period.
2. With respect to fresh and dried cannabis, edibles, extracts, topicals, cannabis plants and cannabis plant seeds, the Company must report the total amount sold or transferred to registered clients, other Licensed Producers, and licensed dealers. With respect to fresh and dried cannabis, edibles, extracts, and topicals, the Company must report the total amount sold to registered clients for interim supply in the reporting period.
3. The Company must report the total number of persons that were registered as clients of the Company at the end of the reporting period, including only those persons whose registrations were

valid on the last day of the reporting period, and the total number of persons that were registered as new clients of the Company during the reporting period.

4. The Company must report the number of registered clients who tried to register with the Company, but could not be registered, regardless of the reason and the number of clients who placed orders or tried to place orders that could not be filled, regardless of the reason.
5. With respect to fresh and dried cannabis, edibles, extracts, and topicals, the Company must report as of the final day of the reporting period the amounts held in inventory as follows:

(a) total amount held in inventory (in Kg);

(b) total amount held in inventory (units);

6. The Company must report the total amount of cannabis imported and exported during the reporting period.
7. The Company must report the total amount of cannabis lost and/or stolen, destroyed and returned during the reporting period.
8. The Company must report the total number of units shipped, of each cannabis product type and in each province and territory, to registered clients, other Licensed Producers, licensed dealers and other clients, during the reporting period.
9. The Company must report the average and median daily amount of dried cannabis (in grams) supported by health care practitioners (as defined in the Cannabis Regulations) to be used by the registered clients of the Company.

Suppliers

As of the date of this AIF, THC BioMed has cultivated all of its own cannabis. It also dries, packages, extracts, bottles and prepares its own products for shipping. The Company believes that this self-reliant focus is more efficient than the procedures of those Licence Holders that send their products for extraction and processing elsewhere at this time.

Competitive Environment

The market for medical cannabis in Canada is tightly controlled by and subject to strict regulation, including pursuant to the *Cannabis Act* and *Cannabis Regulations*. The commercial medical cannabis industry is a new industry in Canada and THC BioMed anticipates that such regulations will be subject to change as the federal government monitors Licence Holders in action.

As of the date of this AIF, Health Canada has granted a total of 535 cultivation, processing or cannabis licences. THC BioMed, through its wholly-owned subsidiary, THC BioMed Ltd., is part of this group of Licence Holders. More information on the current list of Licenced Holders can be found on Health Canada's website at https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licensees-applicants/licensed-cultivators-processors-sellers.html#wb-auto-6.

The Company believes that it will face competition from the following sources:

(i) Holders

There are hundreds of other Licence Holders and the supply of legal recreational adult use cannabis in Canada may exceed demand. The Company believes that it is staying competitive by cultivating small batch premium cannabis flower, developing unique proprietary products and processing its products in-house.

(ii) Homegrown cannabis producers

The Cannabis Act allows for adults to legally grow up to four cannabis plants for personal use. The Company believes that competition from homegrown cannabis will be minimal and that it will not have a significant impact on market demand for premium cannabis flower.

(iii) The Black and Grey Markets

Unfortunately, the Black and Grey Markets for cannabis in Canada still exist and are able to sell cannabis at lower cost that Licence Holders. This may be in part due to there being no regulations being followed or taxes being paid in those markets. The Company is competing with these markets by offering reliable, high quality cannabis, in unique strains and unique formats, such as in *Pure Cannabis Sticks* which are filtered automated pre-rolls and unique formulations, such as THC Kiss. The Company has also reduced the price of its cannabis flower products to $3.20. The Company offers premium cannabis at some of the lowest prices in the Canadian legal recreational adult use market and it believes it is one of the strongest competitors against the Black and Grey markets. Over time, this will likely be shown as a significant factor of success for a Canadian Licence Holder.

Protection of Intellectual Property

THC BioMed has sought patent and trademark registration in Canada and the United States with respect to the following:

- THC Kiss and logo; and
- Clone Shipper product design patent.

Employees

As of the date of this AIF, the Company has approximately 45 employees. The Company believes its relationship with the employees is good. None of its employees are represented by a labour union or subject to a collective bargaining agreement.

Risk Factors

Overview

Regulated commercial cannabis production for medical and adult recreational use markets is a new industry in Canada. Participation in this industry requires, among other things, obtaining and maintaining regulatory approvals. As a result, there is a high degree of risk associated with the Company's business. There is a significant risk that the expenditures made by the Company in developing its cannabis business units for the medical and wellness markets and the adult recreational use market in Canada and potentially internationally will not sustain profitable operations.

There are a number of risk factors that could cause future results to differ materially from those described herein. The following sets out the principal risks faced by the Company. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely affect the Company's business and results of operations.

Key Personnel Risks

The Company's efforts are dependent to a large degree on the skills and experience of certain of its Key Personnel, including the executive team and the board of directors. Key Personnel require security

clearances, which may be issued for a period of up to five years and must be renewed in order for individuals to remain in a Key Personnel position. The Company does not maintain “key man” insurance policies on these individuals. Should the availability of these persons’ skills and experience be in any way reduced or curtailed, due to departure or other reasons, this could have a material adverse outcome on the Company and its securities.

Low Quality Cannabis Risk

THC BioMed currently operates in an early stage market which has a small representation of Canadian cannabis consumers. Should the Company be unable to grow a quality product demanded by the consumers, this could have a material impact on the Company’s revenues and average price per gram.

Licensing Risk

The Company and its Licence Holder subsidiary are dependent on maintaining the Licence Holder subsidiary’s status as a Licence Holder. There is no guarantee that the Company’s subsidiary will retain its Licence. The Licence held by THC BioMed. THC BioMed is valid until March 2020. The Licence held by the Licence Holder subsidiary is valid until February 14, 2023, thereafter requiring approval for renewal by Health Canada. The regulations and applicable law must be strictly adhered to in order to maintain the Licence and to secure renewals. There can be no guarantee that Health Canada will renew the Licence. Failure to comply with the requirements of or otherwise maintain the Licence held by the Licence Holder subsidiary would have a material adverse impact on the business, financial condition and operating results of the Company.

Regulatory Risks

THC BioMed operates in a new industry which is highly regulated and is in a market which is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all such risks, or be able to predict how risks may cause actual results to be different from those contained in any forward-looking statements. The Company’s ability to grow, store and sell medical and adult recreational use cannabis in Canada is dependent on the Licence and the need to maintain the Licence in good standing (see Licensing Risk section above). Failure to comply with the requirements of the Licence or any failure to maintain the Licence would have a material adverse impact on the business, financial condition and operating results of the Company.

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

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company’s control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company’s earnings and could make future capital investments or the Company’s operations uneconomic. The industry is also subject to numerous legal challenges which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

The Company's business as a Licence Holder under the *Cannabis Regulations* involves engaging in a new industry and new market regulated under the *Cannabis Act* and the *Cannabis Regulations*. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business, a business involving an agricultural product and a regulated consumer product, the Company will need to continue to build brand awareness in the industry and market through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations, including significant restrictions on promotional activity. These activities may not promote the Company's brand and products as effectively as intended. The new market and industry into which management is entering will have competitive conditions, consumer tastes, patient requirements and unique circumstances, and spending patterns that may differ from existing markets.

Change in Laws, Regulations and Guidelines

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage, sale and disposal of cannabis as well as laws and regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment. While to the knowledge of management, the Company is currently in compliance with all such laws, regulations and guidelines, changes to such laws, regulations and guidelines due to matters beyond the control of the Company may have an adverse effect on the Company's operations and the financial condition of the Company. While the potential impact of any of such changes is highly uncertain and fact dependent, it is not expected that any such changes would have an effect on the Company's operations that is materially different than the effect on similar-sized companies in the same business as the Company.

In addition, the industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic.

Market Risks

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Commodity Price Risks

Cannabis is a developing market and likely subject to volatile and possibly declining prices year over year as a result of increased competition. Because the medical and adult recreational use cannabis markets are part of a newly commercialized and regulated industry in Canada, historical price data is either not available or not predictive of future price levels. There may be downward pressure on the average price for cannabis products sold in medical and adult recreational use markets, and the Company has arranged its proposed business accordingly. However, there can be no assurance that price volatility will be favorable to the Company or in line with expectations. Pricing will depend on general factors including, but not limited to, the number of Licences granted by Health Canada, the volume and quality of cannabis and cannabis products that Licence Holders other than subsidiaries of the Company are able to generate, and the

number of patients who gain physician approval to purchase medical cannabis as clients of medical sales Licence Holders. An adverse change in cannabis prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

Reliance on Key Inputs

The Company is dependent on a number of key inputs and their related costs, including raw materials and supplies related to cultivation and processing operations, such as electricity, water and other utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs or any inability to secure required supplies and services or to do so on appropriate terms could materially impact the Company's business, financial condition and operating results.

Financing Risks

Entering and being in the *Cannabis Act* regulated medical cannabis marketplace requires a substantial outlay of capital. There can be no assurance that the capital markets will remain favorable in the future and/or that the Company will be able to raise the financing needed to continue its business at favorable terms or at all. Restrictions on the Company's ability to raise financing could have a material adverse outcome on the Company and its securities.

Expansion of the Facility

Expansion of the Facility is subject to Health Canada regulatory approvals. The delay or denial of such approvals may have a material adverse impact on the business and may result in THC BioMed not meeting anticipated or future demand when it arises.

Reliance on the Facility

The Company's current and future production is expected to take place at the Facility. Adverse changes or developments affecting any of this site could have a material adverse effect on the Company's ability to produce cannabis for the medical and adult recreational use market, its financial condition and prospects.

Risks Inherent in an Agriculture Business

The Company's business involves cultivation of cannabis plants for processing by the Company or third parties into cannabis products. Cannabis plants are an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, including but not limited to, pests, plant diseases, crop failure and similar agricultural risks. Although the Company grows its products indoors under climate controlled conditions and carefully monitors the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the volume, quality and consistency of its cannabis plants, and of cannabis products processed from the cannabis plants, and consequently on the Company's sales, profitability and financial condition.

Brand Perception

THC BioMed is targeting its brands as cannabis offerings that are recognized as premium and unique by retailers and consumers. Any negative changes to the Company's brands as a quality cannabis offering could have a material adverse effect on THC BioMed's sales, profitability and financial condition.

Share Price Volatility and Price Fluctuations

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market prices of securities of many corporations have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regards to the share price of the medical and adult recreational use cannabis companies that are public issuers in Canada. The Company's share price could decrease and investors could lose much or all of their investment in the Company.

Competition

The Company faces intense competition from other companies, many of which have more financial resources, industry, manufacturing and marketing experience than THC BioMed. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of THC BioMed.

To date, Health Canada has issued a limited number of Licences. The number of Licences granted, and the resulting additional number of Licence Holders, could have an impact on the operations of the Company. Due to the early stage of the industry in which the Company operates, the Company expects to face additional competition from new Licence Holders. To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Intellectual Property

The ownership and protection of trademarks, industrial designs, patents, plant breeders' rights, copyright, trade secrets and other intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's branding and technology. Protecting the company's current or future branding and technology by filing applications for trademarks, industrial designs, patents, plant breeders' rights and copyright, and by maintaining trade secrets or other intellectual property rights, could be difficult, expensive, time-consuming and unpredictable. Similarly, policing unauthorized use of the Company's branding and technology by enforcing these rights against unauthorized use by others could be difficult, expensive, time-consuming and unpredictable.

In addition, other parties may claim that the Company's branding or products infringe on their trademarks, industrial designs, patents, plant breeders' rights, copyright or other intellectual property rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, injunctions or temporary restraining orders, and require the payment of damages or other monetary remedies. As well, the Company may need to obtain intellectual property licences from third parties who allege that the Company has infringed on their intellectual property rights. Such licences, however, may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licences or other rights with respect to intellectual property rights that it does not own or otherwise have access to.

Environmental and Other Regulatory Requirements

The current or future operations of the Company may require permits from various governmental authorities and such operations are and may be subject to laws and regulations governing disposal, growing, storage, transportation, record keeping, sales and similar activities. Companies engaged in the cannabis business need to comply with numerous laws, regulations and permits. There can be no assurance that the Company will be able to obtain or maintain all approvals and permits that may be required to develop or operate the Facility on terms which enable operations to be conducted at economically justifiable costs.

Environmental regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, and usage of water and other inputs that may be required for the Company's operations. Such regulations also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, potentially 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. Parties engaged in cannabis cultivation and processing may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Product Liability

As a distributor of cannabis products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's cannabis products involves 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 Company's cannabis products alone or in combination with medications or other substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company.

Product Recalls

Manufacturers and distributors of cannabis products are sometimes subject to the recall or return of their cannabis 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 Company's cannabis products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the

recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all.

Results of Future Clinical Research

Research regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated phytocannabinoids (such as CBD and THC), alone or in combination with specific terpenoids, phenylpropanoids or other molecules found in the cannabis plant, remain in early stages. There have been relatively few clinical trials on the benefits of cannabis or specific preparations of phytocannabinoids, terpenoids, phenylpropanoids or other molecules found in the cannabis plant. Future research studies and clinical trials may 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 Company's cannabis products with the potential to lead to a material adverse effect on the Company's business, financial condition and results of operations.

Litigation

The Company 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 Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of its securities and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand.

Uncertain tax burden

Tax regimes, including excise taxes and sales taxes, can disproportionately affect the price of our products, or disproportionately affect the relative price of our products versus other cannabis products. Because our products are targeted at the premium cannabis market, tax regimes based on sales price can place us at a competitive disadvantage in certain price-sensitive markets. As a result, our volume and profitability may be adversely affected in these markets.

History of Net Losses; Accumulated Deficit; Revenue from Operations

The Company has incurred net losses to date and the Company may continue to incur losses. There is no certainty that the Company will continue to produce revenue or operate profitably in the future. There is also no certainty that the Company will provide a return on investment in the future.

Breaches of security

Given the nature of the Company's product and the concentration of inventory in its sites, despite meeting or exceeding Health Canada's physical security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of the Company's sites could expose the Company to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing the Company's products.

Uninsurable risks

The Company may become subject to liability for pollution, fire and explosion, against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

Financial Performance of Subsidiary

The Company's Licence Holder subsidiary, THC BioMed Ltd., currently generates substantially all of the Company's revenues. As a result, our financial performance and ability to meet financial obligations is dependent on the operating results and revenues of THC BioMed Ltd., and the distribution of those earnings to the Company. In the event of a liquidation or bankruptcy of THC BioMed Ltd., lenders and trade creditors will generally be entitled to payment of their claims from the assets of THC BioMed Ltd. before any assets are made available for distribution to the Company.

Expansion into Foreign Jurisdictions

The Company's potential expansion into jurisdictions outside of Canada is subject to risks. In addition, in jurisdictions outside of Canada, there can be no assurance that any market for the Company's products will develop. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition. These factors may limit the Company's ability to successfully expand its operations into such jurisdictions and may have a material adverse effect on the Company's business, financial condition and results of operations.

Third Party Transportation

In order for the Company's customers to receive their product, the Company must rely on third-party transportation services. This can cause logistical problems with and delays in online customers, government entities and private retailers/distributors obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation services may adversely affect the Company's financial performance.

Global Economy Risk

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Company will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's shares on the CSE, OTCQX and FRA.

Dividend Risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company expects to retain its earnings to finance further growth and, when appropriate, retire debt.

Dividends

The Company has not declared dividends on its Common Shares for the previous three completed financial years. As of the date of this AIF, the Company has no current intention to declare dividends on its Common Shares in the foreseeable future. Any decision to pay dividends on its Common Shares in the future will be at the discretion of the Company's Board of Directors (the "**Board of Directors**") and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board of Directors may deem relevant.

Description of Capital Structure

Common Shares. The authorized capital of the Company consists of an unlimited number of common shares without par value of which 163,838,556 common shares are issued and outstanding as at the date of this AIF. Holders of the Company's common shares are entitled to notice of and to attend and vote at all meetings of shareholders declared by the directors and, subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Issuer. Each common share entitles the holder thereof to one vote.

Warrants. The Company currently has 32,014,880 common share purchase warrants outstanding. The warrants have varying exercise prices and terms. Please see the Company's audited financial statements for the fiscal year ended July 31, 2021 for more information.

Options. The Company currently has 9,875,000 common share purchase options outstanding, which were granted to its directors, officers, employees and consultants for the purchase of one common share per option. The options have varying exercise prices and terms. Please see the Company's audited financial statements for the fiscal year ended July 31, 2021 for more information.

Market for Securities

The Company's Common Shares are publicly traded on the **CSE** under the symbol "**THC**", the **OTCQX** under the symbol "**THCBF**", and on the Frankfurt Stock Exchange ("FRA") under the symbol "TFHD".

	CSE (C$)		
	High ($)	**Low ($)**	**Volume (#)**
2021			
July	0.12	0.085	1,948,748
June	0.13	0.10	1,354,053
May	0.135	0.12	1,877,069
April	0.15	0.12	1,814,947
March	0.195	0.14	2,242,542
February	0.34	0.14	16,528,387
January	0.15	0.095	5,681,187
2020			
December	0.11	0.08	4,279,609
November	0.11	0.08	4,279,609
October	0.12	0.08	6,488,739
September	0.145	0.09	4,088,494
August	0.17	0.11	1,783,890

PRIOR SALES

The following table summarizes details of the following securities that are not listed or quoted on a marketplace issued by the Company during the twelve-month period between August 1, 2020 and July 31, 2021.

Date of Issuance	Security	Price Per Security/ Exercise Price ($)	Number of Securities
December 12, 2019	Options	0.15	2,700,000
January 13, 2020	Common Shares	0.15	6,675,652
January 13, 2020	Warrants	0.18, 0.25, 0.50 and 0.80	6,675,652
March 9, 2020	Options	0.15	50,000
May 26, 2020	Options	0.15	350,000
February 12, 2021	Options	0.215	8,550,000
March 17, 2021	Options	0.165	500,000
June 14, 2021	Options	0.13	300,000

ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTIONS ON TRANSFER

As at July 31, 2021 and the date of this AIF, there are 690 Common Shares of the Company's subject to escrow.

Directors and Officers

Set out below is information with respect to the directors and executive officers of the Company as at the date of this AIF:

Name, Province, Country of Residence and Position(s) with the Company	Principal Occupation, Business or Employment for Last Five Years	Period as Director	Number of Common Shares Owned [1]
John Miller[2] *Kelowna, BC* Canada Director, President and CEO	Director and Officer of the Company since June 3, 2014; previously director and officer of THC Meds Inc. and director and officer of THC BioMeds Ltd. since August, 2012	January 14, 2015 - Current	31,151,404[3]
Hee Jung Chun *Kelowna, BC* Canada Director and CFO	Director of the Company since June 3, 2014; previously director and officer of THC Meds Inc. and director and officer of THC BioMeds Ltd. since August, 2012.	January 14, 2015 – Current	16,162,072[3]
Penelope Laine[2] *Whistler, B.C.* Canada Director	Ms. Laine has been a licensed pharmacist for more than 20 years and has her MBA from the University of Toronto.	March 10, 2020 - Current	10,000
Ashish Dave[2] *Kelowna, BC* Canada Director	Dr. Dave is a scientist who previously consulted for the Company prior to being appointed as a director June 13, 2017. Dr. Dave has a PHD in plant tissue culture and a Master's Degree in botany. Dr. Dave has been the President and research scientist of a BC based commercial plant biotechnology company, FloraMaxx Technologies Ltd., since February of 2015. As a plant biotechnology professional, Dr. Dave is responsible for managing and developing business opportunities for FloraMaxx Technologies Ltd.	June 13, 2017 - Current	0

(1) The number of common shares beneficially owned, or controlled or directed, directly or indirectly, at the date of this AIF is based upon information furnished to the Company by the individual directors.

(2) Member of the Audit Committee.

(3) Beneficially owns 10% or more of the issued and outstanding securities of the Company as at November 12, 2020.

The term of each director of THC BioMed will expire on the date of the next annual meeting of shareholders of THC BioMed. As of the date of this AIF, the directors and senior officers of THC BioMed as a group beneficially own, directly or indirectly, or exercise control or direction over,

47,323,476 of the issued and outstanding Common Shares, representing approximately 29.6% of the total votes attaching to all of the then outstanding voting securities of THC BioMed.

The following sets out additional information with respect to the education, experience and employment history of each of the directors and officers referred to above during the past five years.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Company, during the past 10 years, none of the directors, officers or insiders of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, was a director, officer, insider of any other issuer that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, was the subject of a cease trade order or similar order or an order that denied that issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days, or 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 the assets of that issuer.

Penalties or Sanctions

To the knowledge of the Company, none of the directors, officers or insiders of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To the knowledge of the Company, none of the directors, officers or insiders of the Company nor a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, nor a personal holding company of any such persons has, within the past 10 years before the date of this AIF, become bankrupt, made a proposal under bankruptcy or insolvency legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

Conflict of Interest

The Company may from time to time become involved in transactions which conflict with the interests of its directors and the officers. The interests of these persons could conflict with those of the Company. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of The Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such matter or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Promoter

John Miller, President, CEO and director, is a promoter of the Company.

Legal Proceedings and Regulatory Actions

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

Interest of Informed Persons in Material Transactions

To the knowledge of management of the Company, there are no material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any informed persons of the Company, directors, proposed directors or officers of the Company, any shareholder who beneficially owns more than ten percent (10%) of the common shares of the Company, or any associate or affiliate of these persons in any transaction since the commencement of the Company's last completed fiscal year or in any proposed transaction, which has materially affected or would materially affect the Company other than as disclosed herein or in the financial statements of the Company for the fiscal year ended July 31, 2021. Reference should be made to the notes to the audited financial statements for a more detailed description of any material transaction.

Transfer Agent and Registrar

The Company's registrar and transfer agent is Computershare Trust Company of Canada at its principal office in Vancouver, B.C.

Material Contracts

Except for contracts entered into in the ordinary course of business, the Company did not enter into any material contracts during the 12 month period ending July 31, 2021.

Audit Committee Information

The Company's audit committee (the "**Audit Committee**") is governed by an audit committee charter which was established by the directors of the Company on December 12, 2014 a copy of which is attached hereto as Schedule "A".

Composition of the Audit Committee

As of the date of this AIF, the following were the members of the Audit Committee:

John Miller	Financially Literate
Ashish Dave.....	Independent Financially Literate
Penelope Laine	Independent Financially Literate, Chair

Relevant Education and Experience

The Board of Directors believes that the composition of the Audit Committee reflects financial literacy and expertise. Currently, all members have been determined by the Board of Directors to be and "financially literate" and two of the three members are "independent" as such terms are defined under

N*ational Instrument 52-110 – Audit Committees* ("**NI 52-110**"). The Board of Directors has made these determinations based on the education as well as breadth and depth of experience of each member of the Committee.

All the members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements. The following is a brief summary of the education and experience of each member of the Committee that is relevant to the performance of his or her responsibilities as an Audit Committee member:

John Miller, CEO and director

Mr. Miller's understanding of audit committee roles and responsibilities has been obtained through being the Chief Executive Officer of the Company as a public company since April 29, 2015.

Dr. Ashish Dave, director

Dr. Dave's understanding of audit committee roles and responsibilities has been obtained through business experience. He has been the President of a B.C. based commercial plant biotechnology company, FloraMaxx Technologies Ltd. since February of 2015.

Penelope Laine, director

Ms. Laine is an experienced and licensed pharmacist and has her MBA from the University of Toronto. Ms. Laine is a graduate of the Canadian Securities Course and Trader Training Course at the Canadian Securities Institute. Ms. Laine also recently completed the Public Companies: Financing, Governance and Compliance, a two day course through Simon Fraser University.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 (*De Minimis Non-audit Services*) provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 (*Exemptions*) permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110 in whole or in part.

Pre-Approval Policies and Procedures

Except as otherwise set forth in the Company's audit committee charter, the Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

In the following table, "**audit fees**" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that

are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories. The aggregate fees billed by the Company's external auditor in the last two fiscal years, by category, are as set out in the table below.

Financial Year Ending	Audit Fees ($)	Audit Related Fees[1] ($)	Tax Fees ($)	All Other Fees [2] ($)
July 31, 2021	$75,000.00	$Nil	$5,600	$Nil
July 31, 2020	$60,000.00	$Nil	$3,900	$Nil

Notes (For example):

(1) includes the aggregate fees for services completed by the external auditors related to the audit services, including reviewing quarterly financial statements and management's discussion thereon and conferring with the Board and Audit and Finance Committee regarding financial reporting and accounting standards.
(2) Includes fees related to prospectus fillings, including auditor consent letters and other related fees.

Interest of experts

The financial statements of the Company for the fiscal year ended July 31, 2021 have been audited by Baker Tilley WM LLP, Chartered Professional Accountants.

Additional Information

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Information concerning directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for its most recent annual meeting of shareholders. Additional financial information is provided in the Company's financial statements and MD&A for the most recently completed financial year.

Capital Structure at November 29, 2020

Issued and Outstanding (Basic)	163,838,556
Issued and Outstanding (Fully Diluted)	209,456,233
Stock Options Outstanding	9,875,000
Warrants Outstanding	32,014,880
Restricted Share Units Outstanding	Nil
Convertible Debentures Outstanding	$1,194,536 convertible into 7,890,001 Common Shares

Stock Options Outstanding

# of Options	Exercise Price	Expiry
1,850,000 50,000 300,000	$0.15 $0.15 $0.15	December 12, 2021 March 9, 2022 May 26, 2022
7,550,000	0.215	February 12, 2021
500,000	0.165	March 17. 2021
300,000	0.13	June 14, 2023
Total: 9,875,000		

Warrants Outstanding

# of Warrants	Exercise Price	Expiry
1,344,086	$1.16	September 25, 2021
1,428,572	$1.09	October 2, 2021
1,449,275	$0.58	December 10, 2021
6,675,652	$0.80	January 13, 2022
1,479,289	$0.56	January 18, 2022
1,552,795	$0.50	January 30, 2022
1,449,275	$0.58	February 8, 2022
1,623,377	$0.51	February 28, 2022
1,623,377	$0.51	March 14, 2022
1,901,141	$0.44	March 29, 2022
5,222,219	$0.30	July 15, 2022
1,265,822	$0.26	July 22, 2022
1,363,637	$0.15	October 22, 2022
3,636,363	$0.15	November 12, 2022
Total: 32,014,880		

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

MANDATE

The audit committee (the "**Committee**") will assist the Board of Directors (the "**Board**") in fulfilling its financial oversight responsibilities by reviewing the financial reporting process, the system of internal control and the audit process.

COMPOSITION

The Committee shall be comprised of at least three members. Each member must be a director of the Company. A majority of the members of the Committee shall not be officers or employees of the Company or of an affiliate of the Company. At least one member of the Committee shall be financially literate. All members of the Committee who are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of this Audit Committee Charter, the term "financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The members of the Committee shall be appointed by the Board at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by a majority vote of the full Committee membership. The Chair shall be financially literate and an independent director as defined in Section 1.4 of National Instrument 52-110 - *Audit Committees*.

MEETINGS

Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly. Unless all members are present and waive notice, or those absent waive notice before or after a meeting, the Chairman will give Committee members 24 hours advance notice of each meeting and the matters to be discussed at it. Notice may be given personally, by telephone, facsimile or e-mail.

The external auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at any other meeting. On request by the external auditor, the Chair shall call a meeting of the Committee to consider any matter that the external auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

At each meeting of the Committee, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company. A member may participate in a meeting of the Committee in person or by telephone if all members participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A member may participate in a meeting of the Committee by a communication medium other than telephone if all members participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all members who wish to participate in the meeting agree to such participation.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of Management and the external auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the external auditor and Management annually to review the Company's financial statements.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

RESPONSIBILITIES AND DUTIES

Financial Accounting and Reporting Process and Internal Controls

The Committee is responsible for reviewing the Company's financial accounting and reporting process and system of internal control. The Committee shall:

(a) Review the annual audited financial statements to satisfy itself that they are presented in accordance with international financial reporting standards ("**IFRS**") and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements.

(b) With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of Management with Management and the external auditor and have meetings with the Company's auditor without Management present, as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

(c) Review any internal control reports prepared by Management and the evaluation of such report by the external auditor, together with Management's response.

(d) Review the Company's financial statements, management's discussion and analysis and annual and interim profit or loss, and any press releases related thereto before the Company publicly discloses this information.

(e) Review and satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in paragraph (d) above, and periodically assess the adequacy of those procedures.

(f) Meet no less frequently than annually with the external auditor and the Chief Financial Officer to review accounting practices, internal controls and such other matters as the Committee or Chief Financial Officer deem appropriate.

(g) Inquire of Management and the external auditor about significant financial risks or exposures, both internal and external, to which the Company may be subject, and assess the steps Management has taken to minimize such risks. Review the post-audit or Management letter containing the recommendations of the external auditor and Management's response and subsequent follow-up to any identified weaknesses.

(h) Establish procedures for:

(i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and

(ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Audit

External Auditor

The Committee has primary responsibility for the selection, appointment, dismissal and compensation and oversight of the external auditor, subject to the overall approval of the Board. In carrying out this duty, the Committee shall:

(a) require the external auditor to report directly to the Committee;

(b) recommend to the Board the external auditor to be nominated at the annual general meeting for appointment as the external auditor for the ensuing year for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company and the compensation for the external auditor, or, if applicable, the replacement of the external auditor;

(c) review, annually, the performance of the external auditor;

(d) review and confirm the independence of the external auditor;

(e) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the external auditor and former independent external auditor of the Company; and

(f) pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor.

Other

(a) Perform such other duties as may be assigned to it by the Board from time to time or as may be required by applicable regulatory authorities or legislation.

(b) Report regularly and on a timely basis to the Board on matters coming before the Committee.

(c) Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

AUTHORITY

The Committee is authorized:

(a) to seek any information it requires from any employee of the Company in order to perform its duties;

(b) to engage, at the Company's expense, independent legal counsel or other professional advisors on any matter within the scope of the role and duties of the Committee under this Charter;

(c) to set and pay the compensation for any advisors engaged by the Committee; and

(d) to communicate directly with the internal and external auditor of the Company.

This Charter supersedes and replaces all prior charters and other terms of reference pertaining to the Committee.