No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement, together with the short form base shelf prospectus dated July 25, 2019 to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference into this prospectus supplement and the short form base shelf prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell such securities. This pricing supplement, together with the short form base shelf prospectus dated July 25, 2019, constitutes a public offering of these securities in all of the provinces of Canada, except Québec.

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

Information has been incorporated by reference in this prospectus supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Cresco Labs Inc., at 400 W Erie St. #110, Chicago, IL, 60654, telephone 312-929-0993, and are also available electronically at www.sedar.com.

PROSPECTUS SUPPLEMENT
(TO A SHORT FORM BASE SHELF PROSPECTUS DATED JULY 25, 2019)

New Issue September 18, 2019

CRESCO LABS

CRESCO LABS INC.

$73,500,000

7,350,000 Units

This prospectus supplement (the "**Prospectus Supplement**") of Cresco Labs Inc. ("**Cresco**" or the "**Corporation**"), together with the short form base shelf prospectus dated July 25, 2019 to which it relates (the "**Prospectus**"), qualifies the distribution in each province of Canada other than Québec (the "**Offering**") of 7,350,000 units (the "**Offered Units**") of the Corporation at a price of $10.00 per Offered Unit (the "**Offering Price**") pursuant to an amended and restated underwriting agreement (the "**Underwriting Agreement**") dated as of September 16, 2019 between the Corporation, Canaccord Genuity Corp., Beacon Securities Limited, Cormark Securities Inc., Eight Capital and GMP Securities L.P. (collectively, the "**Underwriter**"). Each Offered Unit is comprised of one subordinate voting share (the "**Subordinate Voting Shares**") of the Corporation (each, a "**Unit Share**") and one-half of one Subordinate Voting Share purchase warrant of the Corporation (each whole Subordinate Voting Share purchase warrant, a "**Warrant**"). Each Warrant is exercisable into one Subordinate Voting Share of the Corporation (each, a "**Warrant Share**") at an exercise price of $12.50 per Warrant Share (the "**Exercise Price**") at any time prior to 5:00 p.m. (Toronto time) (the "**Warrant Expiry Time**") on the date that is 36 months following the closing of the Offering (the "**Warrant Expiry Date**"). The Offered Units will immediately separate into Unit Shares and Warrants upon issuance.

Price: $10.00 per Offered Unit

	Price to the Public[(1)]	Underwriting Commission[(2)]	Net Proceeds to the Corporation[(3)(4)]
Per Offered Unit……	$10.00	$0.50	$9.50
Total[(4)]……	$73,500,000	$3,675,000	$69,825,000

Notes:

(1) The Corporation intends to allocate $8.92 (the "**Unit Share Price**") of the Offering Price as consideration for the issue of each Unit Share comprising a part of each Offered Unit and $1.08 of the Offering Price as the consideration for the issue of each half of one Warrant comprising a part of each Offered Unit.

(2) Pursuant to the Underwriting Agreement, the Corporation has agreed to pay to the Underwriter a fee representing 5.0% of the aggregate gross proceeds of the Offering (the "**Underwriting Commission**"). See "*Plan of Distribution*".

(3) After deducting the Underwriting Commission, but before deducting expenses of the Offering estimated to be $550,000 which will be paid from the proceeds of the Offering.

(4) The Corporation has granted to the Underwriter an option (the "**Over-Allotment Option**"), exercisable in whole or in part at any time and from time to time, to purchase up to an additional 1,102,500 Offered Units (the "**Additional Units**") at the Offering Price per Additional Unit on the same terms and conditions as the Offering for a period of 30 days from and including the Closing Date (as defined herein) to cover over allotments, if any, and for market stabilization purposes. Each Additional Unit consists of one Subordinate Voting Share (each, an "**Additional Unit Share**") and one-half of one Subordinate Voting Share purchase warrant of the Corporation (each whole warrant, an "**Additional Warrant**"). Each Additional Warrant entitles the holder thereof to purchase one Subordinate Voting Share (each, an "**Additional Warrant Share**") and has the same terms as the Warrants. The Over-Allotment Option may be exercised by the Underwriter to acquire either: (i) Additional Units at the Offering Price; (ii) Additional Warrants at $2.16 per whole Additional Warrant; (iii) Additional Unit Shares at the Unit Share Price per Additional Unit Share; or (iv) any combination of Additional Units, Additional Warrants and Additional Unit Shares, at the respective prices set out above, so long as the aggregate number of Additional Unit Shares and Additional Warrants that may be issued under the Over-Allotment Option does not exceed 1,102,500 Additional Unit Shares and 551,250 Additional Warrants. If the Over-Allotment Option is exercised in full, the total "Price to the Public" will be $84,525,000, the "Underwriting Commission" will be $4,226,250, "Net Proceeds to the Corporation" will be $80,298,750. This Prospectus Supplement also qualifies the grant of the Over-Allotment Option and the distribution of the Additional Units to be issued upon exercise of the Over-Allotment Option. See "*Plan of Distribution*". Any purchaser who acquires securities forming part of the over-allocation position of the Underwriter pursuant to the Over-Allotment Option acquires such securities under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Unless the context otherwise requires, references to "Offered Units", "Unit Shares", "Warrants" and "Warrant Shares" in this Prospectus Supplement include the Additional Units, Additional Unit Shares, Additional Warrants, and Additional Warrant Shares, respectively.

The currently outstanding Subordinate Voting Shares are listed and posted for trading on the Canadian Securities Exchange (the "**CSE**") under the symbol "CL". The closing price of the Subordinate Voting Shares on the CSE on September 13, 2019, the last trading day before the announcement of the Offering, was $10.50 and the closing price of the Subordinate Voting Shares on the CSE on September 17, 2019, the last trading day completed prior to the filing of this Prospectus Supplement, was $9.74. The Corporation has given notice to the CSE to list the Unit Shares, the Warrants and the Warrant Shares on the CSE. Listing will be subject to the Corporation fulfilling all of the listing requirements of the CSE. **There is currently no market through which the Warrants may be sold. In the event that the CSE listing requirements for the Warrants are not satisfied, there will be no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased in the Offering. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See "*Risk Factors*"**.

The Offering Price has been determined by negotiation between the Corporation and the Underwriter. See "*Plan of Distribution*".

An investment in the Offered Units is speculative and involves a high degree of risk. The risk factors identified in this Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein should be carefully reviewed and evaluated by prospective purchasers before purchasing the Offered Units. See "*Risk Factors*" in this Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein.

The following table sets forth details of the securities issuable under the Over-Allotment Option:

Underwriter's Position	Maximum Number Of Available Securities	Exercise Period	Exercise Price
Over-Allotment Option[(1)]……....	1,102,500 Additional Units	At any time up to 30 days from the Closing Date	$10.00 per Additional Unit $8.92 per Additional Share $2.16 per Additional Warrant

(1) This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of all securities issuable thereunder. See "*Plan of Distribution*".

The Underwriter, as principal, conditionally offers the Offered Units, subject to the prior sale, if, as and when issued, sold and delivered by the Corporation and accepted by the Underwriter in accordance with the conditions of the Underwriting Agreement referred to under "*Plan of Distribution*", and subject to the approval of certain legal matters on behalf of the Corporation by Bennett Jones LLP, and on behalf of the Underwriter by Stikeman Elliott LLP.

Subject to applicable laws, the Underwriter may, in connection with the Offering, over-allot or effect transactions that stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those that might otherwise prevail

on the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriter propose to offer the Offered Units initially at the Offering Price. **After the Underwriter has made reasonable efforts to sell all of the Offered Units at the Offering Price, the Underwriter may subsequently reduce the selling price to investors from time to time in order to sell any of the Offered Units remaining unsold. Any such reduction will not affect the proceeds received by the Corporation. See "*Plan of Distribution*".**

The closing of the Offering is expected to take place on or about September 24, 2019 or such other date as the Corporation and the Underwriter may agree (such actual closing date hereinafter referred to as the "**Closing Date**").

Subscriptions for Offered Units will be received by the Underwriter subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Global certificates or an instant deposit through the non-certificated inventory system representing the Unit Shares and Warrants comprising the Offered Units will be issued and deposited with CDS Clearing and Depository Services Inc. ("**CDS**"). A subscriber who purchases Offered Units will receive only a customer confirmation from the registered dealer who is a CDS participant from or through whom Offered Units are purchased. CDS will record the CDS participants who hold the Unit Shares and Warrants on behalf of owners who have purchased or transferred Unit Shares or Warrants in accordance with the book entry only system of CDS. Physical certificates evidencing Unit Shares and Warrants will not be issued except in limited circumstances and unless a request for a certificate is made to the Corporation.

The Corporation has three classes of issued and outstanding shares: the Subordinate Voting Shares, the Proportionate Voting Shares of the Corporation (the "**Proportionate Voting Shares**") and the Super Voting Shares of the Corporation (the "**Super Voting Shares**"). The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws. Each Subordinate Voting Share is entitled to one vote per Subordinate Voting Share, each Proportionate Voting Share is entitled to one vote in respect of each Subordinate Voting Share into which such Proportionate Voting Share could ultimately then be converted, which is currently equal to 200 votes per Proportionate Voting Share, and each Super Voting Share is currently entitled to 2,000 votes per Super Voting Share on all matters upon which the holders of shares of the Corporation are entitled to vote, and holders of Subordinate Voting Shares, Proportionate Voting Shares and Super Voting Shares will vote together on all matters subject to a vote of holders of those classes of shares as if they were one class of shares, except to the extent that a separate vote of holders as a separate class is required by law or provided by the articles of the Corporation. Other than the return of the issue price for their Super Voting Shares, the holders of Super Voting Shares are not entitled to receive, directly or indirectly, as holders of Super Voting Shares, any other assets or property of the Corporation. Holders of Subordinate Voting Shares and Proportionate Voting Shares are entitled to receive, as and when declared by the board of directors of the Corporation, dividends in cash or property of the Corporation. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares are, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares (including, without restriction, the Proportionate Voting Shares and the Super Voting Shares as to the issue price paid in respect thereof), entitled to participate rateably along with all other holders of Subordinate Voting Shares. **In the event that a take-over bid is made for the Super Voting Shares, the holders of Subordinate Voting Shares will not be entitled to participate in such offer and may not tender their shares into any such offer, whether under the terms of the Subordinate Voting Shares or under any coattail trust or similar agreement. Notwithstanding this, any take-over bid for solely the Super Voting Shares is unlikely given that by the terms of the investment agreement entered into by the Corporation and the Founders (as defined in the Prospectus) in connection with the issuance to the Founders of the Super Voting Shares, upon any sale of Super Voting Shares to an unrelated third party purchaser, such Super Voting Shares will be redeemed by the Corporation for their issue price.** See "*Description of Share Capital of the Corporation*" in the Prospectus for further details.

The directors, chief executive officer and chief financial officer of the Corporation reside outside of Canada and each has appointed Bennett Jones LLP, 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4, as his or her agent for service of process in Canada. FGMK, LLC, the auditor in respect of the audited financial statements of Cresco Labs, LLC (the "**LLC**"), as at and for the year ended December 31, 2017 is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction and has appointed Bennett Jones LLP, 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4 as its agent for service of process in Canada. Marcum LLP, the current auditor of the Corporation, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated,

continued or otherwise organized under the laws of a foreign jurisdiction, even if the party has appointed an agent for service of process.

No Canadian securities regulator nor the United States Securities and Exchange Commission or any state securities regulator has approved or disapproved of the securities offered hereby, passed upon the accuracy or adequacy of this Prospectus Supplement or the Prospectus or determined if this Prospectus Supplement or the Prospectus are truthful or complete. Any representation to the contrary is an offence.

The Corporation's head office is located at 400 W Erie St. #110, Chicago, IL, 60654 and registered office is located at Suite 2200, 1055 West Hastings Street, Vancouver, BC, V6E 2E9.

This Prospectus Supplement is being filed in relation to the distribution of securities of an entity that currently directly derives a substantial portion of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under United States federal law ("U.S. Federal Law"). The Corporation is directly involved (through its licensed subsidiaries) in both the adult-use and medical cannabis industry in the States of Illinois, Pennsylvania, Ohio, Nevada, Arizona and California, as permitted within such states under applicable state law which states have regulated such industries, and is in the process of acquiring businesses which would allow the Corporation to directly participate in the adult-use and medical cannabis industry in the States of New York, Massachusetts, Florida, Utah and Maryland, as permitted within such states under applicable state law and which states have regulated such industries.

The cultivation, sale and use of cannabis is illegal under federal law pursuant to the U.S. Controlled Substance Act of 1970 (the "CSA"), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under U.S. Federal Law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration (the "FDA") has not approved marijuana as a safe and effective drug for any indication. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice ("DOJ") specific to cannabis enforcement in the United States, including the Cole Memo (as defined in the Prospectus). With the Cole Memo rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. Federal Law. If the DOJ policy was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such DOJ policies through pursuing prosecutions, then the Corporation could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, and (ii) the arrest of its employees, directors, officers, managers and investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis. Additionally, as has recently been affirmed by United States Customs and Border Protection, employees, directors, officers, managers and investors of the Corporation who are not U.S. citizens face the risk of being barred from entry into the United States for life.

Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current U.S. Federal Law. If the U.S. federal government begins to enforce U.S. Federal Laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Corporation's business, results of operations, financial condition and prospects would be materially adversely affected.

Despite the current state of the federal law and the CSA, the States of California, Nevada, Massachusetts, Maine, Michigan, Washington, Oregon, Colorado, Illinois, Vermont and Alaska, and the District of Columbia, have legalized recreational use of cannabis. Maine and Michigan have not yet begun recreational cannabis commercial operations. In early 2018, Vermont became the first state to legalize recreational cannabis by passage in a state legislature, but does not allow commercial sales of recreational cannabis. Although the District of Columbia voters passed a ballot

initiative in November 2014, no commercial recreational operations exist because of a prohibition on using funds for regulation within a federal appropriations amendment to local District spending powers.

In addition, over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis, provided that there are strict limits on the levels of THC. However, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions.

The Corporation's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States. Accordingly, there are a number of significant risks associated with the business of the Corporation. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current U.S. Federal Law, and the business of the Corporation may be deemed to be producing, cultivating, extracting, or dispensing cannabis or aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of U.S. Federal Law in the United States.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memo discussed above, on February 8, 2018 the Canadian Securities Administrators published a CSA Staff Notice 51-352 – *(Revised) Issuers with U.S. Marijuana-Related Activities* ("Staff Notice 51-352") setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry. The Corporation is directly involved in the cultivation and distribution of cannabis in the United States for purposes of Staff Notice 51-352.

For these reasons, the Corporation's operations in the United States cannabis market may subject the Corporation to heightened scrutiny by regulators, stock exchanges, clearing agencies and other United States and Canadian authorities. There are a number of risks associated with the business of the Corporation. See sections entitled "*Regulatory Overview*" and "*Risk Factors*" in this Prospectus Supplement, "*United States Regulatory Environment*" and "*Risk Factors*" in the Prospectus and "*General Development of the Business*", "*Description of the Business*" and "*Risk Factors*" in the AIF (as hereinafter defined) for more information about the risks concerning the Corporation's business and operations.

TABLE OF CONTENTS - PROSPECTUS SUPPLEMENT

TABLE OF CONTENTS – PROSPECTUS

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING BASE SHELF PROSPECTUS

This document is in two parts. The first part is this Prospectus Supplement, which describes the terms of the Offering and also adds to and updates information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information about the Corporation, some of which may not apply to the Offering. Capitalized terms or abbreviations used in this Prospectus Supplement that are not defined herein have the meanings ascribed thereto in the Prospectus.

No person is authorized by the Corporation to provide any information or to make any representation other than as contained in this Prospectus Supplement or the Prospectus in connection with the issue and sale of the Offered Units hereunder. Prospective purchasers should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the Prospectus in connection with the purchase of the Offered Units. Information in this Prospectus Supplement updates and modifies the information in the accompanying Prospectus and information incorporated by reference herein and therein. Prospective purchasers should assume that the information appearing in this Prospectus Supplement and the Prospectus is accurate only as of the date on the front of such documents and that information contained in any document incorporated by reference is accurate only as of the date of that document unless specified otherwise. The Corporation's business, financial condition, results of operations and prospects may have changed since those dates.

The address of the Corporation's website is www.crescolabs.com. Information contained on the Corporation's website does not form part of this Prospectus Supplement or the Prospectus nor is it incorporated by reference herein or therein. Prospective purchasers should rely only on information contained or incorporated by reference in this Prospectus Supplement and the Prospectus. The Corporation has not authorized any person to provide different information.

The Corporation's annual consolidated financial statements that are incorporated by reference into this Prospectus Supplement and the Prospectus have been prepared in accordance with the International Financial Reporting Standards. Certain calculations included in tables and other figures in this Prospectus Supplement, the Prospectus and the documents incorporated by reference therein may have been rounded for clarity of presentation. The documents incorporated or deemed to be incorporated by reference herein contain meaningful and material information relating to the Corporation and readers of this Prospectus Supplement should review all information contained in this Prospectus Supplement, the Prospectus and the documents incorporated or deemed to be incorporated by reference herein and therein.

MEANING OF CERTAIN REFERENCES AND CURRENCY PRESENTATION

References to dollars or "**$**" are to Canadian currency unless otherwise indicated. All references to "**US$**" refer to United States dollars. On September 17, 2019, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US$1.00 = $1.3257.

Unless the context otherwise requires, all references in this Prospectus Supplement to the "Corporation" or to "Cresco" refer to the Corporation and its subsidiary entities on a consolidated basis.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, the market and industry data contained or incorporated by reference in this Prospectus Supplement and in the Prospectus is based upon information from independent industry publications, market research, analyst reports and surveys and other publicly available sources. Although the Corporation believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey. The Corporation has not independently verified any of the data from third party sources referred to or incorporated by reference herein, and accordingly the accuracy and completeness of such data is not guaranteed.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this Prospectus Supplement and the Prospectus and the documents incorporated by reference herein constitute "**forward-looking information**" and "**forward-looking statements**" within the meaning of Canadian securities laws and United States securities laws. All information, other than statements of historical facts, included in this Prospectus Supplement and the Prospectus that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, information regarding: statements relating to the business and future activities of, and developments related to, the Corporation after the date of this Prospectus Supplement, including but not limited to, such things as future business strategy, competitive strengths, goals, expansion and growth of the Corporation's business, operations and plans, including new revenue streams, the completion of contemplated acquisitions by the Corporation, the application for additional licenses and the grant of licenses that have been applied for, the expansion of existing cultivation and production facilities, the completion of cultivation and production facilities that are under construction, the construction of additional cultivation and production facilities, the expansion into additional States within the United States, international markets and Canada, any potential future legalization of adult-use and/or medical marijuana under U.S. Federal Law; expectations of market size and growth in the United States and the States in which the Corporation operates; expectations for other economic, business, regulatory and/or competitive factors related to the Corporation or the cannabis industry generally; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions, estimates, analysis and opinions of management of the Corporation at the time they were provided or made, in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements.

Forward-looking information and statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including among other things assumptions about: the contemplated acquisitions and dispositions being completed on the current terms and current contemplated timeline; development costs remaining consistent with budgets; ability to manage anticipated and unanticipated costs; favorable equity and debt capital markets; the ability to raise sufficient capital to advance the business of the Corporation; favorable operating and economic conditions; political and regulatory stability; obtaining and maintaining all required licenses and permits; receipt of governmental approvals and permits; sustained labor stability; stability in financial and capital goods markets; favourable production levels and costs from the Corporation's operations; the pricing of various cannabis products; the level of demand for cannabis products; the availability of third party service providers and other inputs for the Corporation's operations; and the Corporation's ability to conduct operations in a safe, efficient and effective manner. While the Corporation considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking information and statements. Many assumptions are based on factors and events that are not within the control of the Corporation and there is no assurance they will prove to be correct.

Risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements include, among others, risks relating to the lack of access to United States bankruptcy protections; the availability of future financing; the use of proceeds; the accuracy of forward looking information; settlement by security holders in the United States; the illegality of cannabis at the U.S. federal level; regulatory uncertainty; money laundering laws and access to banking; the re-classification of cannabis or changes in United States controlled substance laws and regulations; potential FDA regulation; United States border entry; heightened scrutiny of cannabis companies in Canada and the United States; proceedings against the Corporation; significant ongoing costs and obligations related to its investment in infrastructure; regulatory compliance and operations; availability of favourable locations; unfavorable tax treatment of cannabis businesses; the tax classification of the Corporation; the Corporation being a holding corporation; enforcement of contracts; competition; limitations on owners of licenses; difficulty in forecasting; the concentrated Founder voting control of the Corporation and the unpredictability caused by the existing capital structure;

dilution; volatility of market price; substantial sales of Subordinate Voting Shares; the restrictions on the resale of the Corporation's securities; negative cash flows; liquidity; agricultural risks; future acquisition risks; intellectual property risks; civil forfeiture; reliance on personnel; risk of audit; payment of dividends; liability claims; security risks; litigation; management of growth; increased costs associated with being a public company; conflicts of interest; insurance coverage; reliance on key utility services; product liability; product recall; difficulty enforcing judgements; as well as those risk factors discussed elsewhere herein and in the documents incorporated by reference herein, including the Prospectus and AIF (as defined herein).

Readers are cautioned that the foregoing lists are not exhaustive of all factors and assumptions that may have been used. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein, in the Prospectus and in any document incorporated by reference herein and therein are presented for the purposes of assisting readers in understanding the Corporation's expected financial and operating performance and the Corporation's plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this Prospectus represent the Corporation's views and expectations as of the date of this Prospectus Supplement and forward-looking information and statements contained in the documents incorporated by reference herein represent the Corporation's views and expectations as of the date of such documents, unless otherwise indicated in such documents. The Corporation anticipates that subsequent events and developments may cause its views and expectations to change. However, while the Corporation may elect to update such forward-looking information and statements at a future time, it has no current intention of, and assumes no obligation for, doing so except to the extent required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference in the Prospectus solely for the purpose of the Offering. Other documents are also incorporated or deemed to be incorporated by reference in the Prospectus and reference should be made to the Prospectus for full particulars thereof.

Information has been incorporated by reference in this Prospectus Supplement and the Prospectus from documents filed with securities commissions or similar authorities in each of the provinces of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the General Counsel of the Corporation, at 400 W Erie St. #110, Chicago, IL, 60654, 312-929-0993, and are also available electronically at www.sedar.com.

As at the date hereof, the following documents of the Corporation, filed with the securities commissions or similar authorities in the each of the provinces of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus Supplement, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Prospectus Supplement, the Prospectus or in any other subsequently filed document that is also incorporated by reference in this Prospectus Supplement, as further described below:

(a) the unaudited condensed interim financial statements of the Corporation for the three and six month periods ended June 30, 2019 and 2018, together with the notes thereto;

(b) the annual information form of the Corporation for the year ended December 31, 2018 dated May 9, 2019 (the "**AIF**");

(c) the management's discussion and analysis of financial condition and results of operations of the Corporation for the three and six month periods ended June 30, 2018 and the three and six month periods ended June 30, 2019 (the "**MD&A**");

(d) the audited financial statements of the Corporation for the years ended December 31, 2018 and 2017, together with the notes thereto and the auditor's report for the year ended December 31, 2018 attached

thereto and the auditor's report for the year ended December 31, 2017 attached to the restated December 31, 2017 financial statements filed on May 6, 2019;

(a) the management's discussion and analysis of financial condition and results of operations of the Corporation for the three and twelve month periods ended December 31, 2017 and the three and twelve month periods ended December 31, 2018 (the "**Annual MD&A**");

(b) the unaudited condensed interim consolidated financial statements of CannaRoyalty Corp. d/b/a Origin House ("**Origin House**") for the three month periods ended March 31, 2019 and March 31, 2018, except the notice of no auditor review contained therein, together with the notes thereto;

(c) the audited financial statements of Origin House for the years ended December 31, 2018 and 2017, together with the notes thereto and the auditor's report attached thereto;

(d) the following sections and sub-sections of the listing statement of the Corporation dated November 30, 2018 (the "**Listing Statement**"): (a) the sub-section entitled "Summary of the Equity Plan" of Section 9 (Options to Purchase Securities) of the Listing Statement; and (b) Section 15 (Executive Compensation) of the Listing Statement;

(e) the management information circular of the Corporation dated October 17, 2018, prepared in connection with a special meeting of shareholders held on November 14, 2018 (the "**RTO Circular**"), other than any other statement contained in the RTO Circular to the extent that any statement contained herein or in any document incorporated or deemed to be incorporated by reference herein subsequently filed after the RTO Circular modifies or supersedes such a statement contained in the RTO Circular;

(f) the material change report dated April 11, 2019, announcing the entering into of an arrangement agreement with Origin House pursuant to which the Corporation has agreed to acquire all of the issued and outstanding shares of Origin House pursuant to a court approved plan of arrangement; and

(g) the material change report of the Corporation dated September 18, 2019 announcing the Offering and the entering into of a purchase agreement with the Tryke (as defined herein) pursuant to which the Corporation has agreed to acquire certain assets and an interest in Tryke as described herein and therein (the "**Tryke MCR**");

Any document of the type referred to in the preceding paragraph (excluding confidential material change reports), and all other documents of the type required to be incorporated by reference in a short form prospectus by National Instrument 44-101 - *Short Form Prospectus Distributions* of the Canadian Securities Administrators, filed by the Corporation with a securities commission or similar regulatory authority in Canada after the date of this Prospectus Supplement and prior to the termination of any offering of securities hereunder shall be deemed to be incorporated by reference into this Prospectus Supplement.

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

The Corporation has not provided or otherwise authorized any other person to provide investors with information other than as contained or incorporated by reference in this Prospectus Supplement or the Prospectus. If a purchaser is provided with different or inconsistent information, he, she or it should not rely on it.

DESCRIPTION OF THE BUSINESS

Cresco exists to provide high-quality and consistent cannabis-based products to consumers. Cresco blends regulatory compliance expertise with best practices from the agricultural, pharmaceutical and consumer packaged goods industries. Cresco (either directly or indirectly through subsidiaries) has been awarded three licenses to cultivate and manufacture medicinal cannabis in the State of Illinois. Cresco was awarded a cultivation license in Pennsylvania and was one of only five cultivators that was initially also awarded a dispensary license which allows for up to three dispensaries, with a second license granted in December of 2018 for up to three additional dispensaries. Cresco was awarded a cultivation license in Ohio and a dispensary license in Ohio and was the first approved dispensary to begin dispensary operations in Ohio in December 2018. Most recently, Cresco received prequalification from the State of Michigan, which will allow Cresco to operate growing, processing and provisioning center facilities in Michigan. Cresco also has an interest in a cultivation, processing, and dispensary license in Nevada, an ownership interest in cultivation and processing licenses in California, and owns and operates five dispensaries in Illinois. Cresco has entered into an agreement to acquire a company involved in the cultivation and processing of medical cannabis as well as the establishment of four medical cannabis dispensaries in the State of New York (refer to "*General Development of the Business – Pipeline Transactions*" in the AIF for further information), and an agreement to acquire assets in Massachusetts, including state registration and licensing that will allow for cultivation, manufacturing, processing, and the establishment and operation of a medical marijuana dispensary, with the ability to obtain up to three medical marijuana dispensary licenses and three adult-use dispensary licenses. Additionally, Cresco has entered into agreements to acquire operations in Florida, via VidaCann Ltd. (refer to "*Recent Developments*" below for further information), in California, via Origin House (refer to "*Recent Developments*" below and *"The Corporation" – "Summary Description of the Business" – "Origin House Acquisition"* in the Prospectus for further information); and in Nevada, Arizona and Utah, via the Tryke Acquisition (as defined herein) (refer to "*Recent Developments*" below and the Tryke MCR for further information).

Cresco plans to leverage the success in these markets to expand into legalized cannabis markets in other states, while focusing on compliance, control, efficiency, and product performance in the medicinal or adult-use cannabis industry.

Cresco owns and operates cultivation, manufacturing and retail dispensary businesses. The manufacturing and retail businesses are operational today and vertically integrated across six highly regulated and/or limited license, and therefore limited legal supply, markets: Illinois, Nevada, Ohio, Arizona, Pennsylvania and California, with processing operations in Maryland, and is expected to commence cultivation, manufacturing and retail dispensary operations in New York, Michigan, Massachusetts, Florida, California, Utah and Nevada. These markets, where supply and demand can be reasonably predicted and forecasted, create the foundation upon which Cresco has created the opportunity for sustainable growth. Importantly, Cresco is not yet active in markets popularized by mainstream media like Washington, Oregon and Colorado where loose regulatory frameworks create unpredictable supply-demand market dynamics.

This ownership of wholesale and retail businesses supports Cresco's strategy of distributing brands at scale by enabling Cresco to capture market share, generate brand awareness, and earn customer loyalty in its operating markets by guaranteeing share-of-shelf in its own retail stores and its ability to foster mutually beneficial relationships with its third party dispensary customers as a large supplier of a portfolio of distinct and trusted cannabis brands. More detailed information regarding the business of the Corporation as well as its operations, assets, and properties can be found in the Prospectus, the AIF and other documents incorporated by reference herein, as supplemented by the disclosure herein.

Recent Developments

Origin House

On April 1, 2019, the Corporation announced that it had entered into a definitive agreement with Origin House, a publicly traded company, to acquire all of the issued and outstanding shares of Origin House (the "**Arrangement**"). Total consideration for the Arrangement is equal to approximately $1.1 billion on a fully-diluted basis, or $12.68 per Origin House share. After giving effect to the Arrangement, Origin House shareholders will hold approximately 20% ownership in the pro forma entity (on a pro forma fully-diluted and as converted basis). The Arrangement will be effected by way of a plan of

arrangement under Section 182 of the *Business Corporations Act* (Ontario) and is based on an arrangement agreement between the companies. Origin House is building a premium suite of branded cannabis consumer products in California, supported by its existing and growing portfolio of strategic manufacturing and distribution assets. Origin House's current portfolio of products includes wholly-owned and licensed products and brands in large and high growth segments of the cannabis industry including vaping, pre-rolls, edibles, topicals, patches, creams, intimacy oils, concentrates, and animal health products. Origin House will also seek to create synergies and brand out-licensing opportunities among its portfolio companies and products in Canada, as well as Washington, Arizona, Oregon, Florida and Puerto Rico. More detailed information regarding the Arrangement and Origin House can be found in the Prospectus under *"Summary Description of the Business - Origin House Acquisition"*.

On September 17, 2019 the Corporation and Origin House announced that effective September 16, 2019, they have each substantially complied with the request for additional information ("**Second Request**") from the DOJ - Antitrust Division in connection with the Corporation's and Origin House's notification to U.S. antitrust authorities pursuant to the *Hart-Scott-Rodino Antitrust Improvements Act of 1976* ("**HSR Act**"), as amended, in respect of the Arrangement. Substantial compliance with the Second Request by both the Corporation and Origin House initiates a 30-day waiting period under the HSR Act. That waiting period is anticipated to expire on or around October 16, 2019. The expiration of such waiting period under the HSR Act is the last significant condition to completing the Arrangement, and the parties are expected to be in a position to close the Arrangement following the expiration of such waiting period. Upon substantially complying with the Second Request, Origin House and the Corporation agreed to extend the outside date to complete the Arrangement to November 15, 2019.

VidaCann

On March 18, 2019, the Corporation announced that it had entered into a letter agreement to acquire the ownership interests or assets of VidaCann Ltd. and/or affiliated entities ("**VidaCann**"). A definitive equity purchase agreement superseding the letter agreement was entered into on May 15, 2019. VidaCann holds a Medical Marijuana Treatment Center license to grow, process, manufacture, distribute and dispense the its own house of branded products in up to 30 retail medical dispensaries in the State of Florida. VidaCann currently operates thirteen (13) dispensaries in the cities of Bradenton, Deerfield Beach, Orlando, Palm Bay, St. Petersburg, Port Charlotte, Bonita Springs, Tallahassee, Daytona Beach, Tampa, Pensacola, Jacksonville and West Palm Beach and expects to have fifteen (15) dispensaries operational by the beginning of 2020. VidaCann operates a fully-operational, greenhouse cultivation facility with a state-of-the-art cGMP-certified processing and analytical lab, meeting all FDA requirements. The greenhouse maintains more than 30 premium strains and VidaCann is the only Florida cannabis company using custom-made Italian extractors that can process over 400 pounds a day. The purchase consideration is approximately $120 million and will be comprised of a mix of equity, which will be subject to a 6 to 12-month lock-up agreement following closing, and cash. The transaction is anticipated to close in the fourth quarter 2019, subject to customary closing conditions, including the approval of the CSE and the Florida Department of Health.

ValleyAg

On August 8, 2019, the Corporation announced that it received regulatory approval for the acquisition of 100% of the membership interests of Gloucester Street Capital, LLC ("**Gloucester**"), the parent entity of Valley Agriceuticals, LLC ("**Valley Ag**") via a merger between Gloucester and a subsidiary of Cresco. Valley Ag holds one of the ten vertically integrated cannabis business licenses granted in the State of New York by the New York State Department of Health. This license will allow the Corporation the right to operate one cultivation facility and four dispensaries in New York. Valley Ag’s assets include an operational processing facility and four licensed dispensaries. The acquisition is expected to close by the end of September 2019 or shortly thereafter.

Tryke

Tryke Acquisition

On September 16, 2019, the Corporation announced that it entered into a purchase agreement to acquire certain assets and an interest in (the "**Tryke Acquisition**") Tryke Companies, LLC, and certain subsidiaries and affiliates thereof (collectively, "**Tryke**"). The Tryke Acquisition will expand the Corporation's presence in Nevada and Arizona. Tryke is a vertically integrated seed-to-sale cannabis company, and owns and operates six prime *Reef Dispensary* locations in Nevada and Arizona. The Tryke Acquisition will also expand the Corporation's licensed cultivation and process capacity in Nevada and

Arizona and allow for entry into the Utah market. Tryke generated US$70.4 million in revenue and US$24.6 million in EBITDA in fiscal year 2018,[1] making it one of the highest grossing and most profitable private cannabis companies in the U.S. market. Nevada is one of the largest and fastest growing cannabis markets in the U.S. with 2019 sales estimates of up to US$940 million and Arizona is one of the largest and fastest growing medical-only markets with estimated 2019 sales of up to US$760 million.[2] The Tryke Acquisition will add approximately 17,000 lb. per year in strategically-located cultivation capacity along with approximately 1,320 lb. per year of processing capacity[3] and includes one of eight cultivation licenses recently awarded in Utah.

Tryke has established four (4) of the best-positioned retail locations in Nevada. Two (4) of these retail locations are in the city of Las Vegas, one (1) is in the city of Sparks and one (1) is in the city of Sun Valley. The flagship *Reef Dispensary* is located adjacent to the Las Vegas Strip and is the closest dispensary to the heart of the Las Vegas Strip and to management's knowledge, is currently one of the highest-grossing dispensaries in the world, with the current highest known grossing dispensary in the world right across the street. Currently, there is no intersection in the world generating more regulated cannabis revenue annually than the intersection of Western Ave. and Desert Inn Rd. in Las Vegas. The Las Vegas Strip location covers a total of 165,000 square feet, which includes the flagship 4,800 square foot *Reef Dispensary* as well as 160,200 square feet of cultivation, processing and ancillary space (~20,000 square feet under canopy). Las Vegas is one of the most influential consumer recreational markets in the U.S., hosting roughly 42 million tourists per year[4] focused almost exclusively on the 4 miles of the Las Vegas Strip. As a result, Las Vegas has a national and international reach for companies seeking to build successful brands. Tryke's North Las Vegas location currently has the highest known average daily customer count in the state of Nevada at over 2,300 customers per day and the Las Vegas Strip and North Las Vegas stores have produced more than US$100 million in combined revenue since 2016.[5] The *Reef Dispensary* in North Las Vegas generated US$14.5 million in revenue in the year-to-date period to August 31, 2019.[6] This location also averaged over 2,300 tickets per day in August 2019, giving it the highest known monthly count in the state. Tryke's in-house suite of branded products is one of the most successful and recognizable lines of products in the Nevada market currently. Cresco currently sells the well-known and successful Mindy's Edibles line in Nevada. Mindy's Edibles has been one of the top three selling edibles in Nevada in 2019[7]. Tryke also has a cultivation license attached to a 12 acre parcel in Spanish Springs, Nevada with a plan to open the 17,000 lb. per year Phase I build-out during 2020.[8] The Tryke Acquisition is expected to give Cresco approximately 8.11% market share in Nevada[9], which would make Cresco a top three operator in Nevada. The Tryke Acquisition will enable Cresco to accelerate its plans to introduce a full suite of Cresco products into Nevada, and expand its cultivation and processing capacity and wholesale operations.

Arizona is one of the largest medical-only markets in the U.S. with more than 210,000 registered patients[10] and the majority of the state's population is densely located in Phoenix, the 5th most populous city in the U.S. Arizona is expected to have an initiative on the 2020 ballot to legalize adult-use sales.[11] The Tryke Acquisition adds two (2) *Reef Dispensaries* in Arizona in the cities of Phoenix and Phoenix Southeast Valley which includes 27,000 square feet of cultivation and processing capacity in Phoenix, Arizona. The expanded cultivation and processing capacity in Arizona will support the introduction of a full suite of branded Cresco products and enable wholesale operations. The Tryke Acquisition is expected to result in a 300% increase in the Corporation's market share in Arizona. The Tryke Acquisition will also provide the Corporation with access to a 12th state, Utah, via Tryke's recent receipt of one of eight cultivation licenses in the state.

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[1] Based on unaudited financial information (U.S. GAAP) provided by Tryke.
[2] Based on the 2019 Marijuana Business Factbook.
[3] Based on past performance of Tryke. While the Corporation reasonably expects such performance to continue, there is no guarantee of such performance. These statements constitute forward-looking information related to possible events, conditions or financial performance based on future economic conditions and courses of action. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially. Cresco believes there is reasonable basis for the expectation reflected in the forward-looking statements, however these expectations may not prove to be correct.
[4] Based on information provided by the Las Vegas Convention and Visitors Authority.
[5] Based on financial information obtained from Tryke as of August 2019.
[6] Based on unaudited financial information (U.S. GAAP) provided by Tryke.
[7] According to Cowen and Company, and Headset
[8] These statements constitute forward-looking information related to possible events, conditions or financial performance based on future economic conditions and courses of action. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially. Cresco believes there is reasonable basis for the expectation reflected in the forward-looking statements, however these expectations may not prove to be correct.
[9] Average market share for January – June 2019 as per https://tax.nv.gov/Publications/Marijuana_Statistics_and_Reports/
[10] According to Arizona Department of Health Services
[11] Based on the 2019 Marijuana Business Factbook.

The purchase consideration for the Tryke Acquisition is approximately US$252.5 million for Tryke's operating assets plus US$30 million for Tryke's real estate assets. The consideration will be comprised of a mix of equity (approximately US$227.5 million), which will be subject to a 9 to 21-month lock-up agreement following closing, and cash (approximately US$55 million). The Tryke Acquisition is anticipated to close during the first half of 2020 and will be subject to customary closing conditions, including approval from the States of Nevada, Utah and Arizona and clearance under the *Hart Scott Rodino Antitrust Improvements Act*. Cormark Securities Inc. is acting as financial advisor and Bennett Jones LLP is acting as Canadian legal advisor to Cresco. Canaccord Genuity Corp. is acting as financial advisor to Tryke.

Upon closing of the Tryke Acquisition, as well as other pending transactions, Cresco will have 25 production facilities and 29 retail dispensaries in operation with licenses to operate a total of 62 retail dispensaries across 12 states – Illinois, Pennsylvania, Ohio, Nevada, California, Arizona, Florida, New York, and Utah with Michigan, Maryland and Massachusetts pending approval. Upon closing of all pending transactions, the Corporation's products will be on the shelves of over 725 dispensaries with a geographic footprint providing access to more than 154 million potential consumers, which is 71% of the estimated total addressable U.S. cannabis market.

Please see the Tryke MCR for additional information regarding the Tryke Acquisition.

REGULATORY OVERVIEW

In accordance with Staff Notice 51-352, below is a discussion of the state-level U.S. regulatory regime in the State of Florida, and Utah where the Corporation will be directly involved, through VidaCann and the Tryke Companies, respectively, in the cannabis industry. For disclosure relating to the federal and state-level U.S. regulatory regimes in Illinois, Pennsylvania, Ohio, California, Nevada, Arizona New York, Massachusetts, and Maryland, the other jurisdictions where the Corporation is currently directly involved, through its subsidiaries, in the cannabis industry, please see "*United States Regulatory Environment*" and "*State Level U.S. Cannabis Operations*" in the AIF.

Regulation of the Medical Cannabis Market in Utah

In 2014, Utah passed House Bill 105 which permitted the Utah Department of Agriculture and department-certified higher education institutions to grow industrial hemp for the purpose of agriculture or academic research. Industrial hemp, as defined in the act, cannot contain more than 0.3% tetrahydrocannabinol (THC) by weight, which is sometimes referred to as low-THC (CBD) hemp. HB 105 also legalized the sale, possession and use of low-THC CBD hemp extract oil by registered patients diagnosed with intractable epilepsy. However, the bill was limited and did not include a provision for patients to legally acquire the low-THC (CBD) hemp extract oil.

In 2015, Utah's Senate proposed a bill, Senate Bill 259, to legalize the use of medical cannabis for those patients suffering from AIDS, Alzheimer's disease, amyotrophic lateral sclerosis, an autoimmune disorder, cachexia or physical wasting, nausea, or malnutrition associated with chronic disease, cancer, Crohn's disease, epilepsy, or a condition that causes debilitating seizures, glaucoma, multiple sclerosis or a similar condition that causes persistent and debilitating muscle spasms, post-traumatic stress disorder, or severe, chronic pain in an individual. Senate Bill 259 failed in the Senate on a 15-14 vote.

A year later in 2016, Utah's Senate once again attempted to pass legislation in an effort to legalize medical cannabis for the aforementioned conditions. The new bill, Senate Bill 73, included provisions to put into place robust cultivation, tracking, distribution and enforcement models. The bill was passed in the Senate but failed in the Utah House of Representatives.

In February of 2018, the Utah House of Representatives passed HB 195, a bill to legalize the *Right to Try Act* ("**RTA**") as well as cultivate medical marijuana for terminally ill patients. This bill was signed into law on March 20, 2018 with the *Utah Medical Cannabis Act* ("**MCA**") passing on November 6, 2018. Portions of the most recent amendment to the MCA (HB3001) went into immediate effect on December 3, 2018. Other amendments to the MCA went into effect on July 1, 2019.

In May 2019, Utah's Department of Agriculture proposed the Agriculture and Food, Plant Industry R68-27. This proposed rule sets forth the licensing and operational requirements for those interested in competing for a medical cannabis cultivation facility license. The proposed rules establish facility requirements, operational plan requirements, requirements for storage

and handling of cannabis and requirements for the use and storage of pesticides, fertilizers, and other agricultural chemicals that may be used in the facility.

Regulation of the Medical Cannabis Market in Florida

In 2014, the Florida Legislature passed the *Compassionate Use Act* (the "**CUA**") which was a low-THC (CBD) law, allowing cannabis containing less than 0.8%THC to be sold to patients diagnosed with severe seizures or muscle spasms and cancer. The CUA created a competitive licensing structure and originally allowed for one vertically integrated license to be awarded per five regions of the State. The CUA set forth the criteria for applicants as well as the minimum qualifying criteria which included the requirement to hold a nursery certificate for a minimum of 400,000 plants and to be a registered nursery for at least 30 continuous years. The CUA also created a state registry to track dispensations.

In 2016, the Florida Legislature passed the RTA, which expanded the State's medical cannabis program to allow for full potency THC products to be sold as "medical cannabis" to patients with a terminal condition that had been diagnosed by two physicians.

In November of 2016, the Florida Medical Marijuana Legalization ballot initiative (the "**Initiative**") to expand the medical cannabis program under the RTA was approved by 71.3% of voters, thereby amending the Florida constitution. The Initiative is now Article X, Section 29 of the Florida Constitution. The Initiative added 10 medical conditions to the list of conditions for which the use of medical cannabis is permitted in Florida. The Initiative also provided for the implementation of state-issued medical cannabis identification cards.

In 2017, the Florida Legislature passed legislation implementing the constitutional amendment and codifying the changes set forth in the constitution. The 2017 law provides for another four licenses to be issued for every 100,000 active qualified patients added to the registry and initially limited license holders to a maximum of 25 dispensary locations with the ability to purchase additional dispensary locations from one another and for an additional five locations to be allowed by the State for every 100,000 active qualified patients added to the registry. The 2017 legislation's cap on dispensing facilities expires on April 1, 2020.

License in Florida

Under Florida law, a licensee is required to cultivate, process and dispense medical cannabis. Licenses are issued by the Florida Department of Health, Office of Medical Marijuana Use (the "**Florida Department**") and may be renewed biennially. In Florida, there is no state-imposed limitation on the permitted size of cultivation or processing facilities, nor is there a limit on the number of plants that may be grown.

Under its license, VidaCann is classified as a Medical Marijuana Treatment Center ("**MMTC**") and is permitted to sell cannabis to those patients who are entered into the State's electronic medical marijuana use registry by a qualified physician and possess a state-issued medical marijuana identification card. The physician determines patient eligibility as well as the routes of administration (e.g. topical, oral, inhalation) and number of milligrams per day a patient is able to obtain under the program. The physician may order a certification for up to three 70-day supply limits of marijuana, following which the certification expires and a new certification must be issued by a physician. The number of milligrams dispensed, the category of cannabis (either low-THC or medical cannabis) and whether a delivery device such as a vaporizer has been authorized is all recorded in the registry for each patient transaction.

VidaCann is authorized to sell a variety of products in various product categories. Edible products were authorized by the Florida Legislature in 2017 pending rulemaking by the Florida Department. The Florida Department has held workshops regarding edibles but has not yet drafted the contemplated regulations. Hydrocarbon extracted products are also contemplated in the 2017 law and are awaiting rulemaking by the Florida Department.

Dispensaries may be located in any location throughout the State of Florida as long as the local government has not issued a prohibition against MMTC dispensaries in their respective municipality. Provided there is not a ban, the Corporation may locate a dispensary in a site zoned for a pharmacy so long as the location is greater than 500 feet from a public or private elementary, middle, or secondary school. Pursuant to section 381.986, Florida Statutes (2017), the State provides for a

limitation of 25 dispensary locations per MMTC with an additional five locations per MMTC authorized once the registry reaches 100,000 active patients.

Florida Reporting Requirements

The Florida Department is to establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the Florida Department to such data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of certain events, including when marijuana seeds are planted, when marijuana plants are harvested and destroyed and when cannabis is transported, sold, stolen, diverted, or lost. Each medical marijuana treatment center shall use the seed-to-sale tracking system established by the Florida Department or integrate its own seed-to-sale tracking system with the seed-to-sale tracking system established by the Florida Department. Additionally, the Florida Department also maintains a patient and physician registry and the licensee must comply with all requirements and regulations relative to the provision of required data or proof of key events to said system in order to retain its license. Florida requires all MMTCs to abide by representations made in their original application to the State of Florida. Any changes or expansions must be requested via an amendment or variance process.

Florida Licensing Requirements

Licenses issued by the Florida Department may be renewed biennially so long as the licensee continues to meet the requirements of the Florida Statute 381.986 and pays a renewal fee. License holders can only own one license within the State of Florida. MMTC's can operate up to a maximum of 25 dispensaries throughout the State with an additional five locations granted with every 100,000 additional patients. Applicants must demonstrate (and licensed MMTC's must maintain) that: (i) they have been registered to do business in the State of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture & Consumer Services, (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC, (v) they have the ability to maintain accountability of all raw materials, finished products, and any by-products to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably located to dispense cannabis to registered qualified patients statewide or regionally as determined by the Florida Department, (vii) they have the financial ability to maintain operations for the duration of the two-year approval cycle, including the provision of certified financial statements to the Florida Department, (viii) all owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC, (ix) the employment of a medical director to supervise the activities of the MMTC, and (x) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees. Upon approval of the application by the Florida Department, the applicant must post a performance bond of up to US $5 million, which may be reduced to US $2 million once the licensee has served 1,000 patients.

Security and Storage Requirements for Cultivation, Processing and Dispensing Facilities in Florida

Adequate outdoor lighting is required from dusk to dawn for all MMTCs. 24-hour per day video surveillance is required and all MMTCs must maintain at least a rolling 45-day period that is made available to law enforcement upon demand. Alarm systems must be active at all items for all entry points and windows. Interior spaces must also have motion detectors and all cameras must give unobstructed view of key areas. Panic alarms must also be available for employees to be able to signal authorities when needed.

In dispensaries, the MMTC must provide a waiting area with a sufficient seating area. There must also be a minimum of one private consultation/education room for the privacy of the patient(s) and their caregiver (if applicable). The MMTC may only provide dispensing duties between 7:00 am and 9:00 pm. All active products must be kept in a secure location within the dispensary and only empty packaging may be kept in the general area of the dispensary. No product or delivery devices may be on display in the waiting area.

An MMTC must at all times provide secure and logged access for all cannabis materials. This includes approved vaults or locked rooms. There must be at least two employees of the MMTC or an approved security provider on site at all times. All employees must wear proper identification badges and visitors must be logged in and wear a visitor badge while on the

premises. The MMTC has a 24-hour period in which it must report any suspected activity of loss, diversion or theft of cannabis materials.

Florida Transportation Requirements

When transporting cannabis to dispensaries or to patients for delivery, a manifest must be prepared and transportation must be done using an approved vehicle. The cannabis must be stored in a separate, locked area of the vehicle and at all times there must be two people in a delivery vehicle. During deliveries, one person must remain with the vehicle. The delivery employees must at all times have identification badges. The manifest for all deliveries must be generated by the State approved tracking software. The manifest must include the following information: (i) departure date and time; (ii) name, address and license number of the originating MMTC; (iii) name and address of the receiving entity; (iv) the quantity, form and delivery device of the cannabis; (v) arrival date and time; (vi) the make, model and license plate of the delivery vehicle; and (vii) the name and signatures of the MMTC delivery employees. These manifests must be kept by the MMTC for inspection for up to three (3) years. During the delivery, a copy of the manifest is also provided to the recipient.

Department Inspections in Florida

The Florida Department may conduct announced or unannounced inspections of MMTCs to determine compliance with applicable laws and regulations. The Florida Department is to inspect an MMTC upon receiving a complaint or notice that the MMTC has dispensed cannabis containing mold, bacteria, or other contaminants that may cause an adverse effect to humans or the environment. The Florida Department is to conduct at least a biennial inspection of each MMTC to evaluate the MMTC's records, personnel, equipment, security, sanitation practices, and quality assurance practices.

U.S. Attorney Statements in Florida

To the knowledge of management of the Corporation, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Florida.

USE OF PROCEEDS

The estimated net proceeds received by the Corporation from the Offering (assuming no exercise of the Over-Allotment Option) will be $69,275,000 (determined after deducting the Underwriting Commission of $3,675,000 and estimated expenses of the Offering of $550,000). If the Over-Allotment Option is exercised in full, the estimated net proceeds received by the Corporation from the Offering will be $79,748,750 (determined after deducting the Underwriting Commission of $4,226,250 and estimated expenses of the Offering of $550,000).

The Corporation intends to use the proceeds of this Offering to fund business development and for working capital requirements and other general corporate purposes. The use of the net proceeds is consistent with the Corporation's business objective of reducing the Corporation's financing costs while maintaining its financial liquidity.

While the Corporation currently anticipates that it will use the net proceeds of the Offering as set forth above, the Corporation may re-allocate the net proceeds of the Offering from time to time, giving consideration to its strategy relative to the market, development and changes in the cannabis industry and regulatory landscape, as well as other conditions relevant at the applicable time. Consistent with the high level of activity in the sector, the Corporation has discussed various potential strategic transactions. At the present time, there is insufficient information to provide with respect to potential transactions. The Corporation intends to continue to monitor industry developments and may have further discussions in respect of strategic transactions in the future, but the Corporation can offer no assurance that any transaction would result from any such future discussions. Until utilized, some or all of the net proceeds of the Offering may be held in cash balances in the Corporation's bank account or invested at the discretion of the board of directors of the Corporation, in short-term, high quality, interest bearing corporate, government-issued or government-guaranteed securities. Management will have discretion concerning the use of the net proceeds of the Offering, as well as the timing of their expenditure. See "*Risk Factors*".

Although the Corporation intends to use the net proceeds from the Offering as set forth above, the actual allocation of the net proceeds may vary from those allocations set out above, depending on future developments in the Corporation's business operations or unforeseen events, including those listed under the "*Risk Factors*" section of this Prospectus Supplement and

the Prospectus. Potential purchasers are cautioned that, notwithstanding the Corporation's current intentions regarding the use of the net proceeds of the Offering, there may be circumstances where a reallocation of the net proceeds may be advisable for reasons that management believes, in its discretion, are in the Corporation's best interests.

CONSOLIDATED CAPITALIZATION

The following table sets forth the Corporation's consolidated capitalization as of June 30, 2019 on an actual basis after giving effect to the Offering, the Tryke Acquisition and the acquisitions of Valley Ag, VidaCann and Origin House. The following table is based on the unaudited consolidated balance sheet of the Corporation as at June 30, 2019 and should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Corporation for the three and six month periods ended June 30, 2019 and other information included in the documents incorporated by reference in this Prospectus Supplement and the Prospectus.

Indebtedness	
Total Debt (in US$)	Nil.
Shareholder Equity	
Super Voting Shares[(1)]	500,000
Proportionate Voting Shares[(2)] *(presented on an as-converted to Subordinate Voting Shares basis)*	66,285,762
Subordinate Voting Shares[(3)]	46,719,549
Redeemable LLC Units[(4)] *(presented on an as-converted to Subordinate Voting Shares basis)*	143,843,628
Shares to be issued in pending acquisitions[(5)] *(presented on an as-converted to Subordinate Voting Shares basis)*	117,835,990
Unit Shares[(6)]	7,350,000
Basic Shares Outstanding **(*presented on an as-converted to Subordinate Voting Shares basis*)**	**382,534,929**
Cresco Options[(7)]	24,701,455
Replacement Warrants[(8)]	4,000,000
Existing Cresco Warrants[(9)]	31,585
Broker Warrants[(10)]	333,754
Warrants Issued in the Offering[(6)]	3,675,000
Fully-Diluted Outstanding	**415,276,723**

Notes:

(1) Each carrying 2,000 votes. In the aggregate, Super Voting Shares represent approximately 71% voting control on a fully-diluted basis and inclusive of the securities issuable in this Offering and in pending acquisitions.

(2) As discussed in the Prospectus, in order to maintain foreign private issuer status, certain U.S. resident shareholders hold Proportionate Voting Shares rather than Subordinate Voting Shares on a 1:200 basis. Proportionate Voting Shares carry voting and economic rights proportionate to Subordinate Voting Shares. Each Proportionate Voting Share is convertible into 200 Subordinate Voting Shares. This table presents the Proportionate Voting Shares on an as-converted basis.

(3) Excluding any Unit Shares or Warrant Shares issuable under this Offering.

(4) Redeemable LLC Units are convertible to Proportionate Voting Shares on a 200:1 basis and such Proportionate Voting Shares are convertible into Subordinate Voting Shares on a 1:200 basis.

(5) Representing the aggregate number of securities (on an as-converted to Subordinate Voting Shares basis) issuable in the pending Tryke Acquisition and the acquisitions of Valley Ag, VidaCann and Origin House, subject to any adjustments provided in the applicable definitive agreement. Certain of these shares are issuable upon the achievement of certain performance milestones.

(6) Assuming no exercise of the Over-Allotment Option and no exercise of the Warrants. Upon full exercise of the Over-Allotment Option but no exercise of the Warrants, there would be 8,452,500 Unit Shares and 4,226,250 Warrants issued in the Offering.

(7) 20,029,500 options outstanding at a blended average exercise price of $3.11 per Subordinate Voting Shares. 4,671,955 options reserved for future grants.

(8) 4,000,000 warrants exercisable at US$4.24 per Subordinate Voting Share, issuable in connection with Valley Ag acquisition, 2,000,000 of which are contingent on the achievement of certain performance milestones.

(9) Each exercisable into one Subordinate Voting Share at a price of $7.53.

(10) Each exercisable into one Subordinate Voting Share at $8.50.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The Offering consists of 7,350,000 Offered Units, with each Offered Unit consisting of one Unit Share and one-half of one Warrant. Each whole Warrant entitles the holder to purchase one Warrant Share at a price of $12.50, subject to adjustment, at any time following the closing of this Offering until 5:00 p.m. (Toronto time) on the date that is 36 months after the closing of the Offering. The Offered Units will not be certificated and the Offered Units will immediately separate into Unit Shares and Warrants upon issuance.

Subordinate Voting Shares

The authorized capital of the Corporation consists of an unlimited number of Subordinate Voting Shares and Proportionate Voting Shares and 500,000 Super Voting Shares. As at September 17, 2019, there were 59,093,847 Subordinate Voting Shares, 55,956,736 Proportionate Voting Shares (presented on an as converted to Subordinate Voting Shares basis) and 500,000 Super Voting Shares issued and outstanding. Assuming completion of the Offering (excluding all shares issuable in the pending acquisitions and the Redeemable LLC Units), there will be an aggregate of 66,443,847 Subordinate Voting Shares, 55,956,736 Proportionate Voting Shares (presented on an as converted to Subordinate Voting Shares basis) and 500,000 Super Voting Shares issued and outstanding (67,546,347 Subordinate Voting Shares if the Over-Allotment Option is exercised in full, assuming no further exercises or issuances of convertible securities).

The Unit Shares and Warrant Shares will have all of the characteristics, rights and restrictions of the Subordinate Voting Shares. The holders of Subordinate Voting Shares are entitled to receive notice of and to attend all annual and special meetings of the Corporation's shareholders and to one vote in respect of each Subordinate Voting Shares held at the record date for each such meeting. The holders of Subordinate Voting Shares are entitled, at the discretion of the board of directors of the Corporation, to receive out of any or all of the Corporation's profits or surplus properly available for the payment of dividends, any dividend declared by the board of directors of the Corporation and payable by the Corporation on the Subordinate Voting Shares. The holders of Subordinate Voting Shares will participate pro rata in any distribution of the assets of the Corporation upon liquidation, dissolution or winding-up or other distribution of the assets of the Corporation. Such participation will be subject to the rights, privileges, restrictions and conditions attached to any of the Corporation's securities issued and outstanding at such time ranking in priority to the Subordinate Voting Shares upon the liquidation, dissolution or winding-up of the Corporation. Subordinate Voting Shares are issued only as fully paid and are non-assessable.

Warrants

The Warrants will be governed by the terms of a warrant indenture (the "**Warrant Indenture**") to be entered into between the Corporation and Odyssey Trust Corporation, as warrant agent thereunder (the "**Warrant Agent**"). The Corporation will appoint the principal transfer offices of the Warrant Agent in Calgary, Alberta office. Prior to the closing of the Offering, the Corporation may name any other agent with respect to the Warrants. The following summary of certain provisions of the Warrant Indenture contains all of the material attributes and characteristics of the Warrants but does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture.

Each full Warrant entitles its holder, upon the payment of the Exercise Price, to purchase one Warrant Share for a period of 36 months from the Closing Date. See "*Plan of Distribution*". The Exercise Price for the Warrants will be payable in Canadian dollars.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the Exercise Price per Warrant Share upon the occurrence of certain events, including:

(a) the issuance of Subordinate Voting Shares or securities exchangeable for or convertible into Subordinate Voting Shares to all or substantially all of the holders of Subordinate Voting Shares by way of a stock dividend or other distribution (other than a dividend paid in the ordinary course or a distribution of Subordinate Voting Shares upon the exercise of any outstanding warrants or options);

(b) the subdivision, redivision or change of the Subordinate Voting Shares into a greater number of shares;

(c) the consolidation, reduction or combination of the Subordinate Voting Shares into a lesser number of shares;

(d) the issuance to all or substantially all of the holders of Subordinate Voting Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Subordinate Voting Shares, or securities exchangeable for or convertible into Subordinate Voting Shares, at a price per Subordinate Voting Share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, of Subordinate Voting Shares on such record date; and

(e) the issuance or distribution to all or substantially all of the holders of Subordinate Voting Shares of securities, including rights, options or warrants to acquire shares of any class or securities exchangeable for or convertible into any such shares or property or assets, including evidences of indebtedness.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities or other property issuable upon the exercise of the Warrants and/or the Exercise Price per security upon the occurrence of the following additional events:

(a) the reclassification of the Subordinate Voting Shares;

(b) the consolidation, amalgamation, arrangement or merger of the Corporation with or into any other corporation or other entity (other than a consolidation, amalgamation, arrangement or merger which does not result in any reclassification of the Corporation's outstanding Subordinate Voting Shares or a change of the Subordinate Voting Shares into other shares); or

(c) the transfer of the Corporation's undertakings or assets as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the Exercise Price or number of Warrant Shares will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the Exercise Price or a change in the number of Warrant Shares purchasable upon exercise by at least one one-hundredth (1/100th) of a Subordinate Voting Share, as the case may be.

The Corporation will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, the Corporation will give notice to Warrant holders of certain stated events, including events that would result in an adjustment to the Exercise Price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fraction of a Warrant Share will be issued upon the exercise of a Warrant and no cash payment will be made in lieu thereof. Warrant holders are not entitled to any voting rights or pre-emptive rights or any other rights conferred upon a person as a result of being a holder of Subordinate Voting Shares.

From time to time, the Corporation and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that is not prejudicial to the interests of the holders of Warrants as a group, and providing for the issuance of additional Warrants. Any amendment or supplement to the Warrant Indenture that prejudicially affects the interests of the holders of the Warrants as a group may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 20% of the aggregate number of the then outstanding Warrants (or, if such meeting is adjourned in accordance with provisions of the Warrant Indenture as a result of not satisfying such quorum requirement, passed by the Warrant holders present in person or represented by proxy at such adjourned meeting) and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting (or adjourned meeting, if applicable) and voted on the poll for such resolution, or (2) adopted by an instrument in writing signed by the holders of not less than 66⅔% of the aggregate number of all then outstanding Warrants.

The Warrants and the Warrant Shares have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws, and the Warrants will not be exercisable by or on behalf of a person in the United States or a U.S. Person, nor will certificates representing the Warrant Shares be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available and the Corporation has received an opinion of counsel of recognized standing or other evidence to such effect in form and substance reasonably satisfactory to the Corporation; provided, however, that a holder who is a "qualified institutional buyer" (as defined in Rule 144A under the U.S. Securities Act) at the time of exercise of the Warrants who purchased Offered Units in the Offering to, or for the account or benefit of, persons in the United States or U.S. Persons will not be required to deliver an opinion of counsel or such other evidence in connection with the exercise of Warrants that are a part of those Offered Units.

The Corporation has given notice to the CSE to list the Unit Shares, the Warrants and the Warrant Shares on the CSE. Listing will be subject to the Corporation fulfilling all of the listing requirements of the CSE.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Corporation has agreed to sell and the Underwriter has agreed to purchase on the Closing Date, or such other date as may be agreed upon by the Corporation and the Underwriter, subject to the terms and conditions stated in the Underwriting Agreement, all but not less than all of the 7,350,000 Offered Units at a price of $10.00 per Offered Unit, payable in cash to the Corporation against delivery of such Offered Units.

The Corporation has granted to the Underwriter the Over-Allotment Option exercisable in whole or in part at any time and from time to time, to purchase up to 1,102,500 Additional Units at the Offering Price per Additional Unit on the same terms and conditions as the Offering for a period of 30 days from and including the Closing Date to cover over-allotments, if any, and for market stabilization purposes. Each Additional Unit consists of one Additional Unit Share and one-half of one Additional Warrant on the same terms as the Warrants. The Additional Warrants will be transferable but will not be listed for trading on any exchange. The Over-Allotment Option may be exercised by the Underwriter to acquire either: (i) Additional Units at the Offering Price; (ii) Additional Warrants at $2.16 per whole Additional Warrant; (iii) Additional Unit Shares at the Unit Share Price per Additional Unit Share; or (iv) any combination of Additional Units, Additional Warrants and Additional Unit Shares, at the respective prices above, so long as the aggregate number of Additional Unit Shares and Additional Warrants that may be issued under the Over-Allotment Option does not exceed 1,102,500 Additional Unit Shares and 551,250 Additional Warrants. If the Over-Allotment Option is exercised in full, the total price to the public will be $84,525,000, the Underwriting Commission will be $4,226,250 and net proceeds to the Corporation (prior to deduction of the expenses of the Offering) will be $80,298,750. This Prospectus Supplement qualifies for distribution the Offered Units as well as the grant of the Over-Allotment Option and the issuance of the Additional Units pursuant to the exercise of the Over-Allotment Option.

The obligations of the Underwriter under the Underwriting Agreement are subject to certain closing conditions and may be terminated on the basis of "disaster out", "material adverse change out", "regulatory out" and "breach out" provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Underwriter is, however, obligated to take up and pay for all of the Offered Units it has agreed to purchase if it purchases any Units under the Underwriting Agreement.

The Offering is being made concurrently in each of the provinces of Canada (except Quebec). The Offered Units will be offered in Canada through the Underwriter either directly or through its Canadian or broker-dealer affiliates or agents, as applicable. No securities will be offered or sold in any jurisdiction except by or through brokers or dealers duly registered under the applicable securities laws of that jurisdiction, or in circumstances where an exemption from such registered dealer requirements is available. The Offered Units may be offered and sold in the United States in a private placement. Subject to applicable law, the Underwriter may offer the Offered Shares in such other jurisdictions outside of Canada and the United States as agreed between the Corporation and the Underwriter.

The Offering Price of the Offered Units for all investors will be payable in Canadian dollars. All of the proceeds of the Offering will be paid to the Corporation by the Underwriter in Canadian dollars.

Subscriptions for Offered Units will be received by the Underwriter subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Offering will be conducted under the

book entry only system of CDS; accordingly, a subscriber who purchases Offered Units will only receive a customer confirmation from the registered dealer that is a CDS participant from or through whom Offered Units are purchased. CDS will record the CDS participants who hold securities on behalf of owners who have purchased or transferred securities in accordance with the book entry only system. Certificates evidencing Unit Shares, Warrants and Warrant Shares will not be issued unless a request for a certificate is made to the Corporation.

The Corporation has given notice to the CSE to list the Unit Shares, the Warrants and the Warrant Shares on the CSE. Listing will be subject to the Corporation fulfilling all of the listing requirements of the CSE. There is currently no market through which the Warrants may be sold. See "*Risk Factors*".

The Underwriter proposes to offer the Offered Units initially at the Offering Price. After the Underwriter has made a reasonable effort to sell all of the Offered Units at the Offering Price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriter will be decreased by the amount that the aggregate price paid by purchasers for the Offered Units is less than the gross proceeds paid by the Underwriter to the Corporation.

Underwriter's Fee and Expenses

The Corporation has agreed to pay the Underwriter the Underwriting Commission in the amount equal to 5.0% ($0.50 per Offered Unit sold) of the gross proceeds of the sale of the Offered Units in consideration for services rendered (including on any proceeds received in respect of the exercise of the Over-Allotment Option) for an aggregate Underwriting Commission payable to the Underwriter upon closing of $3,675,000 (not including any exercise of the Over-Allotment Option).

The Corporation has also agreed to reimburse the Underwriter for its reasonable fees and expenses incurred in connection with the Offering subject to certain limitations, including the reasonable, actual and documented fees of external counsel to the Underwriter (subject to an agreed cap) together with taxes and disbursements.

U.S. Securities Act

The Unit Shares and Warrants comprising the Offered Units, and the Warrant Shares issuable on the exercise of the Warrants have not been and will not be registered under the U.S. Securities Act or any securities or "blue sky" laws of any of the states of the United States, and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons except in accordance with an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

This Prospectus Supplement (together with the accompanying Prospectus) does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Offered Units within the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Units offered hereby within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless such offer or sale is made pursuant to an exemption under the U.S. Securities Act.

Indemnity and Contribution

The Corporation has agreed to indemnify the Underwriter, and certain related parties, against certain liabilities, relating to, caused by, resulting from, arising out of or based upon, directly or indirectly, the Underwriter's activities in connection with the Offering; provided however that the Corporation will not be required to indemnify any such person to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable has determined that such losses were caused solely by the fraud, gross negligence or willful misconduct of such persons.

Future Issue of Securities

The Corporation has also agreed with the Underwriter not to issue, agree to issue, or announce an intention to issue any Subordinate Voting Shares or any securities convertible into or exchangeable for Subordinate Voting Shares, other than issuances to: (i) satisfy rights or obligations under existing and outstanding securities or other financial instruments of the Corporation, including the exercise of outstanding stock options and Subordinate Voting Share purchase warrants of the

Corporation, and the conversion or exchange of outstanding Redeemable LLC Units or Proportionate Voting Shares; (ii) the grant of equity incentives in the normal course under existing equity incentive plans, including the stock option plan of the Corporation; (iii) the issuance of securities by the Corporation in connection with arm's length property or share acquisitions; or (iv) the securities to be issued pursuant to or in connection with the Offering, for the period ending 90 days after the Closing Date without the prior written consent of the Underwriter, such consent not to be unreasonably withheld or delayed.

Pursuant to the Underwriting Agreement, it is a condition of the closing of the Offering that all of the Corporation's senior officers and directors, along with their respective associates, will enter into lock-up agreements that prohibit such persons from, directly or indirectly, selling, transferring or pledging, or otherwise disposing of, any securities of the Corporation for a period of 90 days following the Closing Date without the prior written consent of the Underwriter, (such consent not to be unreasonably withheld, delayed or conditioned). The lock-up agreements do not prohibit the Corporation's directors and senior officers from transferring Subordinate Voting Shares for a take-over bid or any other similar transaction made generally to all shareholders of the Corporation; or an internal reorganization of any entities controlled by such director or officer.

Price Stabilization and Short Positions

Pursuant to policy statements of certain Canadian securities regulators, the Underwriter may not, throughout the period of distribution, bid for or purchase Subordinate Voting Shares. The foregoing restriction is subject to certain exceptions for bids or purchases made through the facilities of the CSE, in accordance with the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, including: (a) market stabilization or market balancing activities on the CSE where the bid for or purchase of securities is for the purpose of maintaining a fair and orderly market in the securities, subject to price limitations applicable to such bids or purchases; (b) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriter, or if the client's order was solicited, the solicitation occurred before the commencement of a prescribed restricted period; and (c) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period.

If the Underwriter creates a short position in the Subordinate Voting Shares in connection with the Offering, i.e., if they sell more Offered Units than are listed on the face page of this Prospectus Supplement, the Underwriter may reduce that short position by purchasing Subordinate Voting Shares in the open market. Purchases of Subordinate Voting Shares to stabilize the price may cause the price of the Subordinate Voting Shares to be higher than it might be in the absence of such purchases.

Neither the Corporation nor the Underwriter make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Subordinate Voting Shares. In addition, neither the Corporation nor the Underwriter make any representation that the Underwriter will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Stock Exchange Listing

The currently outstanding Subordinate Voting Shares are listed on the CSE. The Corporation has given notice to the CSE to list the Unit Shares, the Warrants and the Warrant Shares on the CSE. Listing will be subject to the Corporation fulfilling all of the listing requirements of the CSE.

Affiliations

The Underwriter and its affiliates may in the future engage in investment banking and other commercial dealings in the ordinary course of business with the Corporation for which they would expect to receive customary fees and commissions.

PRIOR SALES

The following tables set forth details regarding issuances of Subordinate Voting Shares, issuances of securities convertible into or exchangeable, redeemable or exercisable for Subordinate Voting Shares during the period between the date of this Prospectus Supplement and the Prospectus. Please see *"Prior Sales*" in the Prospectus for additional issuances of Subordinate Voting Shares, issuances of securities convertible into or exchangeable, redeemable or exercisable for Subordinate Voting Shares during 12 month period before the date of this Prospectus Supplement.

SHARE CAPITAL				
Date Issued	**Number of Cresco Securities**	**Issue Price per Security**	**Aggregate Issue Price**	**Nature of Consideration**
July 22nd, 2019	124,464	$8.50	$1,057,944	Cash (exercise of warrants)
August 13th, 2019	13,341	$6.09	$81,246.69	Cash (exercise of warrants)
August 13th, 2019	5,000	US$1.00	US$5,000	Cash (exercise of options)
August 13th, 2019	100,000	US$0.50	US$50,000	Cash (exercise of options)
August 21st, 2019	39,600	US$1.00	US$39,600	Cash (exercise of options)

Conversion of Proportionate Voting Shares to Subordinate Voting Shares		
Date Issued	**Number of Proportionate Voting Shares**	**Number of Subordinate Voting Shares issued on Conversion**
July 29th, 2019	4,468	893,510
August 1st, 2019	5,133	1,026,666
August 2nd, 2019	275	55,000
August 9th, 2019	725	145,004
August 21st, 2019	1,001	200,240
September 4th, 2019	826	165,238

TRADING PRICE AND VOLUME

Subordinate Voting Shares

The issued and outstanding Subordinate Voting Shares are listed and posted for trading on the CSE under the symbol "CL". The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Subordinate Voting Shares from December 3, 2018 (the date of their initial trading on the CSE upon completion of the Business Combination (as defined in the AIF)) up to September 17, 2019 (source: CSE).

Period	High Trading Price	Low Trading Price	Volume
December, 2018	$12.17	$9.30	4,386,953
January, 2019	$9.78	$8.37	2,467,024
February, 2019	$9.99	$5.29	3,197,569
March, 2019	$15.72	$10.26	6,422,631
April, 2019	$18.37	$14.16	9,171,789
May, 2019	$17.79	$13.71	3,435,855
June, 2019	$15.42	$11.49	5,511,300
July, 2019	$14.10	$10.04	6,508,486
August, 2019	$12.49	$9.40	2,522,851
September 1 - 17, 2019	$12.65	$9.34	3,374,732

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**"), generally applicable to a holder who acquires, as beneficial owner, Unit Shares and Warrants pursuant to the Offering, and Warrant Shares upon exercise of the Warrants, and who, for purposes of the Tax Act and at all relevant times, holds Unit Shares, Warrant Shares and Warrants as capital property and deals at arm's length and is not affiliated with the Corporation, the Underwriter and any subsequent purchaser of such securities. A holder who meets all of the foregoing requirements is referred to as a "**Holder**" herein, and this summary only addresses such Holders. Generally, Unit Shares, Warrant Shares and Warrants will be considered to be capital property to a Holder, provided the Holder does not hold Unit Shares, Warrant Shares and Warrants in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "financial institution" or "specified financial institution" for purposes of the Tax Act; (ii) an interest in which is a "tax shelter investment" for the purposes of the Tax Act; (iii) that has made a functional currency reporting election pursuant to section 261 of the Tax Act; (iv) that has entered into, or enters into, a "derivative forward agreement" or "synthetic disposition arrangement" (each as defined in the Tax Act) with respect to its Unit Shares, Warrant Shares or Warrants; or (v) that receives dividends on its Unit Shares or Warrant Shares under or as part of a "dividend rental arrangement" (as defined in the Tax Act). Such Holders should consult their own tax advisors.

In addition, this summary does not address the deductibility of interest by a Holder that has borrowed money or otherwise incurred debt to acquire Offered Units pursuant to the Offering.

Additional considerations not discussed herein may apply to a Holder that is a corporation resident in Canada, or a corporation that does not deal at "arm's length" (within the meaning of the Tax Act) with a corporation resident in Canada, that is or becomes, as part of a transaction or event or a series of transactions or events that includes the transactions described in this Prospectus Supplement, controlled by a non-resident person (or group of non-resident persons that do not deal with each other at arm's length) for purposes of the "foreign affiliate dumping" rules in Section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to purchasing Offered Units pursuant to the Offering.

This summary is based on the current provisions of the Tax Act in force on the date hereof, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Prospectus Supplement (the "**Proposed Amendments**") and on the Corporation's counsel's understanding of the current administrative practices and assessing policies of the Canada Revenue Agency (the "**CRA**") publicly available prior to the date hereof. This summary assumes that the Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or in the administrative practices or assessing policies of CRA, whether by legislative, governmental, administrative or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to a Holder in respect of the transactions described herein. The income or other tax consequences will vary depending on the particular circumstances of the Holder, including the province or provinces in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any particular Holder are made. Moreover, no advance income tax ruling has been applied for or obtained from the CRA to confirm the tax consequences of any of the transactions described herein. Holders should consult their own legal and tax advisors for advice with respect to the tax consequences of the transactions described in this Prospectus Supplement based on their particular circumstances.

Allocation of Offering Price

Holders will be required to allocate the aggregate cost of an Offered Unit between the Unit Share and the Warrant on a reasonable basis in order to determine their respective costs for purposes of the Tax Act. The Corporation intends to allocate as consideration for their issue $8.92 to each Unit Share and $1.08 to each half Warrant acquired as part of an Offered Unit.

The Corporation believes that such allocation is reasonable but such allocation will not be binding on the CRA or a Holder and the Corporation expresses no opinion with respect to such allocation. The adjusted cost base to a Holder of a Unit Share acquired as part of an Offered Unit will be determined by averaging the cost of such Unit Share with the adjusted cost base of all Subordinate Voting Shares of the Corporation held by the Holder as capital property immediately before such acquisition.

Exercise of Warrants

No gain or loss will be realized by a Holder on the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the aggregate of the Holder's adjusted cost base of such Warrant and the Exercise Price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Subordinate Voting Shares of the Corporation held as capital property immediately before the acquisition of the Warrant Share.

Currency Conversion

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Unit Shares, Warrants, or Warrant Shares must be converted into Canadian dollars based on the exchange rates as determined in accordance with the Tax Act.

Taxation of Resident Holders

The following portion of this summary applies to Holders (as defined above) who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times (herein, "**Resident Holders**") and this portion of the summary only addresses such Resident Holders. Certain Resident Holders who might not be considered to hold their Unit Shares or Warrant Shares as capital property may, in certain circumstances, be entitled to have them and any other "Canadian security" (as defined in the Tax Act) be treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election does not apply to Warrants. Resident Holders contemplating such election should consult their own tax advisors for advice as to whether it is available and, if available, whether it is advisable in their particular circumstances.

Expiry of Warrants

The expiry of an unexercised Warrant generally will result in a capital loss to the Resident Holder equal to the adjusted cost base of the Warrant to the Resident Holder immediately before its expiry. See discussion below under the heading "*Capital Gains and Capital Losses*".

Taxation of Dividends

Dividends received or deemed to be received on the Unit Shares or Warrant Shares will be included in computing a Resident Holder's income. In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of "taxable dividends" received from "taxable Canadian corporations" (as defined in the Tax Act). An enhanced dividend tax credit will be available to individuals in respect of "eligible dividends" designated by the Corporation to the Resident Holder in accordance with the provisions of the Tax Act.

Dividends received or deemed to be received on the Unit Shares or Warrant Shares by a Resident Holder that is a corporation will be required to be included in computing the corporation’s income for the taxation year in which such dividends are received, but such dividends will generally be deductible in computing the corporation’s taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a "private corporation" (as defined in the Tax Act) or a "subject corporation" (as defined in Section 186 of the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received on the Unit Shares or Warrant Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income for the taxation year. Such Resident Holders should consult their own tax advisors in this regard.

Dividends received by a Resident Holder who is an individual (including certain trusts) may result in such Resident Holder being liable for minimum tax under the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

A Resident Holder may be subject to United States withholding tax on dividends received on the Unit Shares or Warrant Shares (see discussion below under the heading "*Certain United States Federal Tax Considerations*"). Any United States withholding tax paid by or on behalf of a Resident Holder in respect of dividends received on the Unit Shares or Warrant Shares by a Resident Holder may be eligible for foreign tax credit or deduction treatment where applicable under the Tax Act. Generally, a foreign tax credit in respect of a tax paid to a particular foreign country is limited to the Canadian tax otherwise payable in respect of income sourced in that country. Dividends received on the Unit Shares or Warrant Shares by a Resident Holder may not be treated as income sourced in the United States for these purposes. Resident Holders should consult their own tax advisors with respect to the availability of any foreign tax credits or deductions under the Tax Act in respect of any United States withholding tax applicable to dividends on the Unit Shares or Warrant Shares.

Disposition of Unit Shares, Warrants and Warrant Shares

A Resident Holder who disposes, or is deemed to dispose, of a Unit Share, a Warrant (other than on the exercise thereof) or a Warrant Share generally will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base to the Resident Holder of such Unit Shares, Warrants or Warrant Shares, as the case may be, immediately before the disposition or deemed disposition. The taxation of capital gains and losses is generally described below under the heading "*Capital Gains and Capital Losses*".

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized by the Resident Holder in such taxation year. Subject to and in accordance with the rules contained in the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a particular taxation year against taxable capital gains realized by the Resident Holder in the year. Allowable capital losses not so deductible in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition or deemed disposition of a Unit Share or Warrant Share may be reduced by the amount of any dividends received or deemed to have been received by such Resident Holder on such shares, to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Unit Shares or Warrant Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) on certain investment income, including taxable capital gains. Such Resident Holders should consult their own tax advisors.

Taxable capital gains realized by a Resident Holder that is an individual or a trust, other than certain specified trusts may give rise to alternative minimum tax under the Tax Act. Resident Holders should consult their own tax advisors in this regard.

A Resident Holder may be subject to United States tax on a gain realized on the disposition of a Unit Share, Warrant Share or Warrant (see discussion below under the heading "*Certain United States Federal Income Tax Considerations*"). United States tax, if any, levied on any gain realized on a disposition of a Unit Share, Warrant Share or Warrant may be eligible for a foreign tax credit under the Tax Act to the extent and under the circumstances described in the Tax Act. Generally, a foreign tax credit in respect of a tax paid to a particular foreign country is limited to the Canadian tax otherwise payable in respect of income sourced in that country. Gains realized on the disposition of a Unit Share, Warrant Share or Warrant by a Resident Holder may not be treated as income sourced in the United States for these purposes. Resident Holders should consult their own tax advisors with respect to the availability of a foreign tax credit, having regard to their own particular circumstances.

Taxation of Non-Resident Holders

The following portion of this summary is generally applicable to Holders who, for the purposes of the Tax Act and at all relevant times: (i) are not resident or deemed to be resident in Canada, and (ii) do not use or hold Unit Shares, Warrants or Warrant Shares in the course of business carried on or deemed to be carried on in Canada. Holders who meet all of the foregoing requirements are referred to herein as "**Non-Resident Holders**", and this portion of the summary only addresses such Non-Resident Holders. Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere. Such Non-Resident Holders should consult their own tax advisors.

Expiry of Warrants

The expiry of an unexercised Warrant generally will result in a capital loss to the Resident Holder equal to the adjusted cost base of the Warrant to the Non-Resident Holder immediately before its expiry. Such capital loss will not be recognized under the Tax Act unless the Warrant constitutes "taxable Canadian property" (see discussion below under the heading "*Disposition of Unit Shares, Warrants and Warrant Shares*").

Receipt of Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder on the Unit Shares or Warrant Shares will be subject to Canadian withholding tax. The Tax Act imposes withholding tax at a rate of 25% on the gross amount of the dividend, although such rate may be reduced by virtue of an applicable tax treaty. Under the Canada-United States Tax Convention (1980), as amended (the "**Canada-US Tax Treaty**"), the withholding rate on any such dividend beneficially owned by a Non-Resident Holder that is a resident of the United States for purposes of the Canada-US Tax Treaty and fully entitled to the benefits of such treaty is generally reduced to 15%. Non-Resident Holders should consult their own tax advisors regarding the application of the Canada-US Tax Treaty or any other tax treaty.

Disposition of Unit Shares, Warrants and Warrant Shares

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Unit Share, a Warrant or a Warrant Share unless such Unit Share, Warrant Share or Warrant, as the case may be, constitutes "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Holder at the time of disposition and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

Provided the Unit Shares and Warrant Shares are listed on a "designated stock exchange", as defined in the Tax Act (which currently includes the CSE) at the time of disposition, the Unit Shares, Warrants, and Warrant Shares will generally not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition the following two conditions are satisfied concurrently: (i) (a) the Non-Resident Holder; (b) persons with whom the Non-Resident Holder did not deal at arm's length; (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; or (d) any combination of the persons and partnerships described in (a) through (c), owned 25% or more of the issued shares of any class or series of shares of the Corporation; and (ii) more than 50% of the fair market value of the Unit Shares and Warrant Shares was derived directly or indirectly from one or any combination of: real or immovable property situated in Canada, "Canadian resource properties", "timber resource properties" (each as defined in the Tax Act), and options in respect of, or interests in or for civil law rights in, such properties. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, the Unit Shares, Warrants, and Warrant Shares could be deemed to be taxable Canadian property.

In the event that a Unit Share, Warrant or Warrant Share constitutes taxable Canadian property of a Non-Resident Holder and any capital gain that would be realized on the disposition thereof is not exempt from tax under the Tax Act pursuant to an applicable income tax treaty or convention, the income tax consequences discussed above for Resident Holders under *"Taxation of Resident Holders – Disposition of Unit Shares, Warrants and Warrant Shares"* and *"Capital Gains and Capital Losses"* will generally apply to the Non-Resident Holder.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of certain material U.S. federal income tax considerations for U.S. Holders and Non-U.S. Holders (each as defined below) relating to the ownership and disposition of the Offered Units, the Unit Shares, the Warrants and the Warrant Shares. This summary is general in nature and does not discuss all aspects of U.S. federal income taxation that may be relevant to a holder of the Offered Units, the Unit Shares, the Warrants and the Warrant Shares in light of its particular circumstances. In addition, this summary does not address the U.S. federal alternative minimum tax, the Medicare tax on net investment income, U.S. federal estate and gift taxes, U.S. state and local taxes or foreign taxes. This summary deals only with Unit Shares, Warrant Shares and Warrants held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986 as amended (the "**Code**"), (generally, property held for investment), and does not address tax considerations applicable to any holder of Unit Shares, Warrant Shares and Warrants that may be subject to special treatment under the United States federal income tax laws, including:

- a bank or other financial institution;
- a tax-exempt or governmental organization;
- a retirement plan or other tax-deferred account (other than with respect to US Holders in the 401(k) Plan),
- a partnership, an S corporation or other entity treated as a partnership or pass-through (or an investor therein);
- an insurance company;
- a mutual fund, regulated investment company or real estate investment trust;
- a person that purchases or sells Unit Shares as part of a wash sale for tax purposes;
- a dealer or broker in stocks and securities, or currencies;
- a trader in securities that elects mark-to-market treatment;
- a holder of Unit Shares subject to the alternative minimum tax provisions of the Code;
- a holder of Unit Shares that received Unit Shares through the exercise of an employee stock option, through a tax qualified retirement plan or otherwise as compensation;
- a person that owns (or is deemed to own) 5% or more of the outstanding Unit Shares;
- a U.S. Holder whose functional currency is not the U.S. dollar;
- a person that holds Unit Shares as part of a hedge, straddle, constructive sale, conversion or other integrated transaction;
- "**controlled foreign corporations**" within the meaning of the Code;
- "**passive foreign investment companies**" within the meaning of the Code; or
- a U.S. expatriate.

This summary is based on the Code, treasury regulations promulgated under the Code ("**Treasury Regulations**"), and rulings and judicial decisions, all as in effect as of the date hereof, and all of which are subject to change or differing interpretations at any time, possibly with retroactive effect. We have not sought, and do not intend to seek, any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and no assurance can be given that the IRS will agree with the views expressed herein, or that a court will not sustain any challenge by the IRS in the event of litigation.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Offered Units, the Unit Shares, the Warrants or the Warrant Shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partner in a partnership holding the Offered Units, the Unit Shares, the Warrants or the Warrant Shares should consult its own tax advisors regarding the tax consequences of acquiring, holding and disposing of the Offered Units, the Unit Shares, the Warrants or the Warrant Shares.

THIS DISCUSSION IS INTENDED ONLY AS A GENERAL SUMMARY OF CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO A HOLDER OF THE OFFERED UNITS, THE UNIT SHARES, THE WARRANTS OR THE WARRANT SHARES AND SHOULD BE READ IN CONJUNCTION WITH THE DISCUSSION OF CANADIAN TAX CONSIDERATIONS HEREIN. WE URGE BENEFICIAL OWNERS OF THE OFFERED UNITS, THE UNIT SHARES, THE WARRANTS OR THE WARRANT SHARES TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE OFFER OR THE MERGER IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

U.S. Holders

For purposes of this discussion, a "**U.S. Holder**" of the Offered Units, the Unit Shares, the Warrants or the Warrant Shares means a holder that is for U.S. federal income tax purposes:

- An individual citizen or resident of the U.S.;
- A corporation (or other entity taxable as a corporation) created or organized in or under the laws of the U.S. or any state thereof or the District of Columbia;
- An estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- A trust if it: (1) is subject to the primary supervision of a court within the U.S. and one or more U.S. persons have the authority to control all substantial decisions of the trust; or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

With respect to the first bullet point above, an individual is generally treated as a resident of the U.S. for U.S. federal income tax purposes in any calendar year if the individual either (i) is the holder of a green card, generally during any point of such year, or (ii) is present in the U.S. for at least 31 days in that calendar year, and for an aggregate of at least 183 days during the three-year period ending on the last day of the current calendar year. For purposes of the 183-day calculation (often referred to as the Substantial Presence Test), all of the days present in the U.S. during the current year, one-third of the days present in the U.S. during the immediately preceding year, and one-sixth of the days present in the second preceding year are counted. Residents are generally treated for U.S. federal income tax purposes as if they were U.S. citizens. Residents who are also residents or citizens of Canada should also review the discussion of Canadian Tax Considerations and are urged to consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of the Offered Units, the Unit Shares, the Warrants or the Warrant Shares. Note that the Corporation expects to be treated as both a Canadian company for Canadian tax purposes and a U.S. company for U.S. federal income tax purposes. As a result, we expect the Corporation will not be eligible for benefits under the income tax treaty between the U.S. and Canada.

Non-U.S. Holders

A "**Non-U.S. Holder**" is a beneficial owner of the Offered Units, the Unit Shares, the Warrants or the Warrant Shares (other than an entity or arrangement classified as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder.

Tax Classification as a U.S. Domestic Corporation

The Corporation is treated as a United States corporation for United States federal income tax purposes under Section 7874 of the Code and is subject to United States federal income tax on its worldwide income, notwithstanding that the Corporation is organized under the provisions of the *Business Corporations Act* (British Columbia) in Canada.

Tax Considerations for U.S. Holders

Acquisition of Units

For U.S. federal income tax purposes, the acquisition by a U.S. Holder of an Offered Unit will be treated as the acquisition of one Unit Share and one-half of one Warrant. The purchase price for each Offered Unit will be allocated between these two components in proportion to their relative fair market values at the time the Offered Unit is purchased by the U.S. Holder. This allocation of the purchase price for each Offered Unit will establish a U.S. Holder's initial tax basis for U.S. federal income tax purposes in the Unit Share and one-half of one Warrant that comprise each Offered Unit.

For this purpose, the Corporation will allocate C$8.92 of the purchase price for the Offered Unit to the Unit Share and C$1.08 of the purchase price for each Offered Unit to one-half of one Warrant. However, the IRS will not be bound by such allocation of the purchase price for the Offered Units, and therefore, the IRS or a U.S. court may not respect the allocation set forth above. Each U.S. Holder should consult its own tax advisor regarding the allocation of the purchase price for the Offered Units.

Exercise of Warrants

A U.S. Holder should not recognize gain or loss on the exercise of a Warrant and related receipt of a Warrant Share (unless cash is received in lieu of the issuance of a fractional Warrant Share). A U.S. Holder’s initial tax basis in the Warrant Share received on the exercise of a Warrant should be equal to the sum of (a) such U.S. Holder’s tax basis in such Warrant plus (b) the Exercise Price paid by such U.S. Holder on the exercise of such Warrant. It is unclear whether a U.S. Holder's holding period for the Warrant Share received on the exercise of a Warrant would commence on the date of exercise of the Warrant or the day following the date of exercise of the Warrant.

Disposition of Warrants

A U.S. Holder will recognize gain or loss on the sale or other taxable disposition of a Warrant in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) such U.S. Holder's tax basis in the Warrant sold or otherwise disposed of. Any such gain or loss generally will be a capital gain or loss, which will be long-term capital gain or loss if the Warrant is held for more than one year. Deductions for capital losses are subject to complex limitations under the Code.

Expiration of Warrants Without Exercise

Upon the lapse or expiration of a Warrant, a U.S. Holder will recognize a loss in an amount equal to such U.S. Holder's tax basis in the Warrant. Any such loss generally will be a capital loss and will be long-term capital loss if the Warrants are held for more than one year. Deductions for capital losses are subject to complex limitations under the Code.

Certain Adjustments to the Warrants

Under Section 305 of the Code, an adjustment to the number of Warrant Shares that will be issued on the exercise of the Warrants, or an adjustment to the Exercise Price of the Warrants, may be treated as a constructive distribution to a U.S. Holder of the Warrants if, and to the extent that, such adjustment has the effect of increasing such U.S. Holder’s proportionate interest in the "earnings and profits" or the Corporation's assets, depending on the circumstances of such adjustment (for example, if such adjustment is to compensate for a distribution of cash or other property to the shareholders). Adjustments to the Exercise Price of Warrants made pursuant to a bona fide reasonable adjustment formula that has the effect of preventing dilution of the interest of the holders of the Warrants should generally not be considered to result in a constructive distribution. Any such constructive distribution would be taxable whether or not there is an actual distribution of cash or other property.

Distributions on Unit Shares

The Corporation has not and does not foresee making distributions with respect to its Unit Shares. Distributions of cash or property with respect to the Unit Shares will constitute dividends for U.S. federal income tax purposes to the extent paid from the Corporation's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Dividends will generally be taxable to a non-corporate U.S. Holder at the preferential rates applicable to long-term capital

gains, provided that such holder meets certain holding period and other requirements. Distributions in excess thereof will generally be treated first, as a return of capital and be applied against, and reduce, a U.S. Holder's adjusted tax basis in its Unit Shares, but not below zero, and thereafter be treated as capital gain and treated as described under " – *Sale or Other Taxable Disposition*" below. Such distributions may also be subject to Canadian withholding taxes.

Dividends received by corporate U.S. Holders may be eligible for a dividends received deduction, subject to certain restrictions relating to, among others, the corporate U.S. Holder's taxable income, holding period and debt financing.

Sale or Other Taxable Disposition of Unit Shares

Upon the sale or other taxable disposition of Unit Shares, a U.S. Holder will generally recognize capital gain or loss equal to the difference between (i) the amount realized by such U.S. Holder in connection with such sale or other taxable disposition, and (ii) such U.S. Holder's adjusted tax basis in such stock. Such capital gain or loss will generally be long-term capital gain or loss if the U.S. Holder's holding period respecting such stock is more than twelve months. U.S. Holders who are individuals are eligible for preferential rates of taxation respecting their long-term capital gains. Deductions for capital losses are subject to limitations.

Foreign Tax Credit Limitations

Because it is anticipated that the Corporation will be subject to tax both as a U.S. domestic corporation and as a Canadian corporation, a U.S. Holder may pay, through withholding, Canadian tax, as well as U.S. federal income tax, with respect to dividends paid on Unit Shares. For U.S. federal income tax purposes, a U.S. Holder generally may elect for any taxable year to receive either a credit or a deduction for foreign income taxes paid by the holder during the year. Complex limitations apply to the foreign tax credit, including a general limitation that the credit cannot exceed the proportionate share of a taxpayer's U.S. federal income tax that the taxpayer's foreign source taxable income bears to the taxpayer's worldwide taxable income. In applying this limitation, items of income and deduction must be classified, under complex rules, as either foreign source or U.S. source. The status of the Corporation as a U.S. domestic corporation for U.S. federal income tax purposes will cause dividends paid by the Corporation to be treated as U.S. source rather than foreign source for this purpose. As a result, a foreign tax credit may be unavailable to U.S. Holders for any Canadian tax paid on dividends received from the Corporation. Similarly, to the extent a sale or disposition of the Unit Shares by a U.S. Holder results in Canadian tax payable by the U.S. Holder (for example, in the event the Unit Shares constitute taxable Canadian property within the meaning of the *Income Tax Act* (Canada)), a U.S. foreign tax credit may be unavailable to the U.S. Holder for such Canadian tax. In each case, however, the U.S. Holder should be able to take a deduction for the U.S. Holder's Canadian tax paid, provided that the U.S. Holder has not elected to credit other foreign taxes during the same taxable year. The foreign tax credit rules are complex, and each U.S. Holder should consult its own tax advisors regarding these rules.

Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency, or the amount of proceeds paid in foreign currency on the sale, exchange or other taxable disposition of Unit Shares, generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). A U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method of tax accounting. Each U.S. Holder should consult its own U.S. tax advisors regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

Information Reporting and Backup Withholding

U.S. backup withholding (currently 24%) is imposed upon certain payments to persons that fail (or are unable) to furnish the information required pursuant to U.S. information reporting requirements. Distributions to U.S. Holders will generally be exempt from backup withholding, provided the U.S. Holder meets applicable certification requirements, including providing a U.S. taxpayer identification number on a properly completed IRS Form W-9, or otherwise establishes an exemption. The Corporation must report annually to the IRS and to each U.S. Holder the amount of distributions and dividends paid to that

U.S. Holder and the proceeds from the sale or other disposition of Unit Shares, unless such U.S. Holder is an exempt recipient.

Backup withholding does not represent an additional tax. Any amounts withheld from a payment to a U.S. Holder under the backup withholding rules will generally be allowed as a credit against such U.S. Holder's U.S. federal income tax liability, and may entitle such U.S. Holder to a refund, provided the required information and returns are timely furnished by such U.S. Holder to the IRS.

Tax Considerations for Non-U.S. Holders

Distributions on Unit Shares

The Corporation has not and does not foresee making distributions with respect to its Unit Shares. Distributions of cash or property on Unit Shares will constitute U.S. source dividends for U.S. federal income tax purposes to the extent paid from the Corporation's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess thereof will first constitute a return of capital and be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its Unit Shares, but not below zero, and thereafter be treated as capital gain and will be treated as described under *" Sale or Other Taxable Disposition"* below.

Subject to the discussions under *"Information Reporting and Backup Withholding"* above and under *"FATCA"* below, any dividend paid to a Non-U.S. Holder of Unit Shares generally will be subject to U.S. federal withholding tax at a rate of 30%, or such lower rate as may be specified under an applicable income tax treaty, unless the dividend is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the U.S.. In order to receive a reduced treaty rate, a Non-U.S. Holder must provide its financial intermediary with an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or an appropriate successor form), properly certifying such holder's eligibility for the reduced rate. If a Non-U.S. Holder holds Unit Shares through a financial institution or other agent acting on the Non-U.S. Holder's behalf, the Non-U.S. Holder will be required to provide appropriate documentation to such agent, and the Non-U.S. Holder's agent will then be required to provide such (or a similar) certification to us, either directly or through other intermediaries. A Non-U.S. Holder that does not timely furnish the required certification, but that qualifies for a reduced treaty rate, generally may apply for and obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their own tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a trade or business in the U.S. (or, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment, or fixed base, of the Non-U.S. Holder) generally will be exempt from the withholding tax described above and instead will be subject to U.S. federal income tax on a net income basis at regular graduated U.S. federal income tax rates applicable to U.S. Holders. In such case, the Corporation will not have to withhold U.S. federal tax so long as the Non-U.S. Holder timely complies with the applicable certification and disclosure requirements. In order to obtain this exemption from withholding tax, a Non-U.S. Holder must provide its financial intermediary with an IRS Form W-8ECI properly certifying its eligibility for such exemption. Any such effectively connected dividends received by a corporate Non-U.S. Holder may be subject to an additional "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty), as adjusted for certain items. Non-U.S. Holders should consult their own tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition of Unit Shares

Subject to the discussions under *"Information Reporting and Backup Withholding"* above and under *"FATCA"* below, any gain realized on the sale or other disposition of Unit Shares by a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the U.S. (or, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment, or fixed base, of the Non-U.S. Holder);

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and certain other conditions are met; or

- the rules of the Foreign Investment in Real Property Tax Act of 1980 ("**FIRPTA**") apply to treat the gain as effectively connected with a U.S. trade or business.

A Non-U.S. Holder who has gain that is described in the first bullet point immediately above generally will be subject to U.S. federal income tax on the gain derived from the sale or other disposition pursuant to regular graduated U.S. federal income tax rates in the same manner as if it were a U.S. Holder. In addition, a corporate Non-U.S. Holder described in the first bullet point immediately above may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits (or at such lower rate as may be specified by an applicable income tax treaty), as adjusted for certain items.

A Non-U.S. Holder who meets the requirements described in the second bullet point immediately above will be subject to a flat 30% tax (or a lower tax rate specified by an applicable tax treaty) on the gain derived from the sale or other disposition, which gain may be offset by certain U.S. source capital losses (even though the individual is not considered a resident of the U.S.), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, pursuant to FIRPTA, in general, a Non-U.S. Holder is subject to U.S. federal income tax in the same manner as a U.S. Holder on any gain realized on the sale or other disposition of a "**U.S. real property interest**" ("**USRPI**"). For purposes of these rules, a USRPI generally includes stock in a U.S. corporation if such corporation's interests in U.S. real property constitute 50% or more, by value, of the sum of the U.S. corporation's (i) assets used in a trade or business, (ii) U.S. real property interests, and (iii) interests in real property outside of the U.S. A U.S. corporation whose interests in U.S. real property constitute 50% or more, by value, of the sum of such assets is commonly referred to as a U.S. real property holding corporation ("**USRPHC**"). If Unit Shares are treated as regularly traded on an established securities market (within the meaning of Section 897(c)(3) of the Code), FIRPTA generally will not apply to a disposition of Unit Shares by a Non-U.S. Holder that owns directly (or is deemed to own pursuant to attribution rules) 5% or less of the Unit Shares at any time during the relevant period, in which case such gain will be subject to U.S. federal income tax at rates generally applicable to U.S. Holders, except that the branch profits tax will not apply. The Corporation does not expect to be classified as a USRPHC. However, such determination is factual in nature and subject to change and no assurance can be provided as to whether the Corporation will be a USRPHC with respect to a Non-U.S. holder at any future time.

Information Reporting and Backup Withholding

With respect to distributions and dividends on Unit Shares, the Corporation must report annually to the IRS and to each Non-U.S. Holder the amount of distributions and dividends paid to such Non-U.S. Holder and any tax withheld with respect to such distributions and dividends, regardless of whether withholding was required with respect thereto. Copies of the information returns reporting such dividends and distributions and withholding also may be made available to the tax authorities in the country in which the Non-U.S. Holder resides or is established under the provisions of an applicable income tax treaty, tax information exchange agreement or other arrangement. A Non-U.S. Holder will be subject to backup withholding for dividends and distributions paid to such Non-U.S. Holder unless either (i) such Non-U.S. Holder certifies under penalty of perjury that it is not a U.S. person (as defined in the Code), which certification is generally satisfied by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-8ECI (or appropriate successor form), and the payor does not have actual knowledge or reason to know that such holder is a U.S. person, or (ii) such Non-U.S. Holder otherwise establishes an exemption.

With respect to sales or other dispositions of Unit Shares, information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of Unit Shares within the U.S. or conducted through certain U.S.-related financial intermediaries, unless either (i) such Non-U.S. Holder certifies under penalty of perjury that it is not a U.S. person (as defined in the Code), which certification is generally satisfied by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-8ECI (or appropriate successor form), and the payor does not have actual knowledge or reason to know that such holder is a U.S. person, or (ii) such Non-U.S. Holder otherwise establishes an exemption.

Whether with respect to distributions and dividends, or the sale or other disposition of Unit Shares, backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

FATCA

Withholding taxes may be imposed pursuant to the *Foreign Account Tax Compliance Act* ("**FATCA**") (Sections 1471 through 1474 of the Code) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, except as discussed below, a 30% withholding tax may be imposed on dividends on Unit Shares paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code).

Such 30% FATCA withholding will not apply to a foreign financial institution if such institution undertakes certain diligence and reporting obligations, or otherwise qualifies for an exemption from these rules. The diligence and reporting obligations include, among others, entering into an agreement with the U.S. Department of Treasury pursuant to which the foreign financial institution must (i) undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), (ii) annually report certain information about such accounts, and (iii) withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules.

The 30% FATCA withholding will not apply to a non-financial foreign entity which either certifies that it does not have any "substantial United States owners" (as defined in the Code), furnishes identifying information regarding each substantial United States owner, or otherwise qualifies for an exemption from these rules.

THE FOREGOING SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES THAT MAY BE RELEVANT TO PARTICULAR HOLDERS OF UNIT SHARES AND IS NOT TAX OR LEGAL ADVICE. HOLDERS OF UNIT SHARES SHOULD ALSO REVIEW THE DISCLOSURE CONCERNING CANADIAN TAX CONSIDERATIONS AND SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM (INCLUDING THE APPLICATION AND EFFECT OF ANY STATE, LOCAL, NON-U.S. INCOME AND OTHER TAX LAWS) OF ACQUIRING, HOLDING AND DISPOSING OF UNIT SHARES.

ELIGIBILITY FOR INVESTMENT

In the opinion of Bennett Jones LLP, Canadian counsel to the Corporation and Stikeman Elliott LLP, Canadian counsel to the Underwriter, based on the provisions of the Tax Act and the regulations thereunder in force as of the date hereof:

(a) the Unit Shares and the Warrant Shares will, on the date of issue, be qualified investments for trusts governed by registered retirement savings plans (each an "**RRSP**"), registered education savings plans (each, an "**RESP**"), registered retirement income funds (each a "**RRIF**"), registered disability savings plans (each, an "**RDSP**"), deferred profit sharing plans and tax-free savings accounts (each a "**TFSA**"), all within the meaning of the Tax Act (collectively, "**Registered Plans**") provided that such Unit Shares and Warrant Shares are at the particular time listed on a "designated stock exchange" as defined in the Tax Act (which includes the CSE) or the Corporation qualifies as a "public corporation" (as defined in the Tax Act); and

(b) the Warrants will, on the date of issue, be qualified investments for the Registered Plans provided that the Subordinate Voting Shares are at the particular time listed on a "designated stock exchange" as defined in the Tax Act (which includes the CSE) and the Corporation is not, and deals at arm's length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of such Registered Plan.

Notwithstanding the foregoing, the holder of, or annuitant or subscriber under, a Registered Plan ("**Controlling Individual**") will be subject to a penalty tax in respect of Unit Shares, Warrant Shares or Warrants held in the Registered Plan if such securities are a "prohibited investment" for the particular Registered Plan. A Unit Share, Warrant Share or Warrant generally will be a "prohibited investment" for a Registered Plan if the Controlling Individual does not deal at arm's length with the

Corporation for the purposes of the Tax Act or the Controlling Individual has a "significant interest" (as defined in subsection 207.01(4) of the Tax Act) in the Corporation. **Persons who intend to hold the Offered Units in a Registered Plan or deferred profit sharing plan should consult their own tax advisors in regards to the application of these rules in their particular circumstances.**

RISK FACTORS

Investing in the Offered Units involves a high degree of risk. In addition to the other information contained in this Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein, prospective purchasers should carefully consider the risks described under the "Risk Factors" section of this Prospectus Supplement, the Prospectus, the AIF, the MD&A, the Annual MD&A and the documents incorporated herein and therein by reference before purchasing any Offered Units. If any such risks actually occur, the Corporation's business, financial condition, results of operations and prospects could materially suffer. As a result, the trading price of the Corporation's securities, including the Subordinate Voting Shares, could decline, and prospective purchasers might lose all or part of their investment. The risks set out in this Prospectus Supplement, the Prospectus, the AIF, the MD&A and the Annual MD&A are not the only risks that the Corporation faces; risks and uncertainties not currently known to it or that it currently deems to be immaterial may also materially and adversely affect its business, financial condition, results of operations and prospects. Prospective purchasers should also refer to the other information set forth or incorporated by reference in this Prospectus Supplement, the Prospectus, the AIF, the MD&A and the Annual MD&A.

Risk Factors

The Corporation, and thus the Offered Units, should be considered a speculative investment due to the high-risk nature of the Corporation's business, and investors should carefully consider all of the information disclosed in this Prospectus Supplement, the Prospectus and the documents incorporated herein and therein prior to making an investment in the Corporation. In addition, the following risk factors should be given special consideration when evaluating an investment in the Offered Units.

No Assurance Future Financing Will be Available

The Corporation expects to require substantial additional capital in the near future to fund its acquisition strategy and to continue operations at its cultivation and production facilities, dispensaries, expansion of its product lines, development of its intellectual property base, increasing production capabilities and expanding its operations in states where it currently operates and states where it currently does not have operations. The Corporation may not be able to obtain additional financing on terms acceptable to it, or at all. If the Corporation fail to raise additional capital, as needed, its ability to implement its business model and strategy could be compromised.

Even if the Corporation obtains financing for its near-term operations, it expects that it will require additional capital thereafter. The capital needs of the Corporation will depend on numerous factors including: (i) profitability; (ii) the release of competitive products by competitors; (iii) the level of investment in research and development; and (iv) the amount of our capital expenditures, including acquisitions. There can be no assurance that the Corporation will be able to obtain capital in the future to meet its needs.

The Corporation is continually assessing a range of public and private financing options, including secured and unsecured debt, equity, convertible debt and real estate sale/leaseback transaction. Although the Corporation has accessed private financing in the past, there is neither a broad nor deep pool of institutional capital that is available to companies in the U.S. cannabis industry. There can be no assurance that additional financing, if raised privately, will be available to the Corporation when needed or on terms which are acceptable.

Discretion in the Use of Proceeds

Management of the Corporation will have broad discretion with respect to the application of net proceeds received by the Corporation from the sale of the Offered Units and may spend such proceeds in ways that do not improve the Corporation's results of operations or enhance the value of the Subordinate Voting Shares, Warrants or its other securities issued and outstanding from time to time. Any failure by management to apply these funds effectively could result in financial losses

that could have a material adverse effect on the Corporation's business or cause the price of the securities of the Corporation issued and outstanding from time to time to decline. In respect of potential future acquisitions, there can be no assurance that the Corporation will be able to identify acquisition opportunities that meet its strategic objectives, or to the extent such opportunities are identified, that it will be able to negotiate terms that are acceptable to it.

Forward-Looking Information May Prove to be Inaccurate

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this short form prospectus under the heading "Forward-Looking Information".

Additional Issuance of Subordinate Voting Shares and Subsidiary Securities May Result in Dilution

The Corporation may issue additional securities in the future, which may dilute a shareholder's holdings in the Corporation. The Corporation's articles permit the issuance of an unlimited number of Subordinate Voting Shares, and existing shareholders will have no pre-emptive rights in connection with such further issuance. The Corporation's board of directors has discretion to determine the price and the terms of further issuances. Moreover, additional Subordinate Voting Shares will be issued by the Corporation on the conversion of the Proportionate Voting Shares in accordance with their terms. The Corporation may also issue Subordinate Voting Shares to finance future acquisitions. The Corporation cannot predict the size of future issuances of Subordinate Voting Shares or the effect that future issuances and sales of Subordinate Voting Shares will have on the market price of the Subordinate Voting Shares. Issuances of a substantial number of additional Subordinate Voting Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional issuance of Subordinate Voting Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its revenue per share.

Additionally, the subsidiaries of the Corporation, such as Cresco U.S. Corp. and Cresco Labs, LLC, may issue additional securities, including Cresco Corp Redeemable Shares, Cresco Redeemable Units and LTIP Units (as such terms are defined in the AIF) to new or existing shareholders, members or securityholders, including in exchange for services performed or to be performed on behalf of such entities or to finance future acquisitions. Any such issuances could result in substantial dilution to the indirect equity interest of the holders of Subordinate Voting Shares in Cresco Labs, LLC.

Volatile Market Price of the Subordinate Voting Shares and Other Listed Securities

The market price of the Subordinate Voting Shares and other listed securities of the Corporation from time to time, cannot be predicted and has been and may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control. This volatility may affect the ability of holders of Subordinate Voting Shares or such other securities to sell their securities at an advantageous price. Market price fluctuations in the Subordinate Voting Shares or such other securities may be due to the Corporation's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or competitive, regulatory or economic trends, adverse changes in the economic performance or market valuations of companies in the industry in which the Corporation operates, acquisitions, dispositions, strategic partnerships, joint ventures, capital commitments or other material public announcements by the Corporation or its competitors or government and regulatory authorities, operating and share price performance of the companies that investors deem comparable to the Corporation, addition or departure of the Corporation's executive officers and other key personnel, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Subordinate Voting Shares or such other securities.

Financial markets have at times historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity and convertible securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Subordinate Voting Shares and other listed securities of the Corporation, from time to time, may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in

impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue or arise, the Corporation's operations may be adversely impacted and the trading price of the Subordinate Voting Shares and such other securities may be materially adversely affected.

Although other Canadian-based companies have dual class or multiple voting share structures, given the capital structure contemplated in respect of the Corporation and the concentration of voting control held by the holders of the Super Voting Shares, this structure and control could result in a lower trading price for, or greater fluctuations in, the trading price of the Corporation's Subordinate Voting Shares or adverse publicity to the Corporation or other adverse consequences.

Negative Cash Flow from Operating Activities

The Corporation has incurred operating losses in recent periods. The Corporation may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Corporation expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Corporation's revenues do not increase to offset its costs and operating expenses or if the Corporation is unable to raise financing to fund capital or operating expenditures or acquisitions, it could limit its growth and may have a material adverse effect upon the Corporation's business, financial condition, cash flows, results of operations or prospects.

Liquidity

The Corporation cannot predict at what prices the Subordinate Voting Shares of the Corporation will trade and there can be no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Corporation.

No Current Market for Warrants

The Corporation has given notice to the CSE to list the Warrants on the CSE. Listing will be subject to the Corporation fulfilling all of the listing requirements of the CSE. While the Corporation will use its reasonable efforts to list the Warrants on the CSE, there is no assurance that such listing will be obtained. There is currently no market through which the Warrants may be sold and no market may develop for the Warrants and purchasers may not be able to resell such Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

Recent Announcements and Risks Regarding Vaporizer Products

On March 13, 2019, the FDA issued a draft guidance which proposes to modify the current compliance policy for certain deemed tobacco products that qualify as "new tobacco products." Relevant to vaping products, the document proposes to change the deadline for submitting a marketing application for flavoured products, which can include flavoured products containing cannabis. In September 2019, President Trump announced that the sale of most flavoured e-cigarettes would be banned by the FDA. Certain health problems have been linked to the inhalation of e-liquids. There may be governmental and private sector actions aimed at reducing the incidence of vaping and/or seeking to hold manufacturers of e-liquids responsible for the adverse health effects associated with the use of vaping products. These actions, combined with potential deterioration in the public's perception of e-liquids, may result in a reduced market for the Corporation's vaporizer products. Certain health problems have been linked to the inhalation of e-liquids. There may be governmental and private sector actions aimed at reducing the incidence of vaping and/or seeking to hold manufacturers responsible for the adverse health effects associated with the use of vaping products. While the Corporation does deal directly in e-liquids it does have vaporizer products. Certain chemicals used in vaporizer products, including Vitamin E acetate, polyethylene glycol (PEG), propylene glycol (PG), vegetable glycerin and medium chain triglycerides have been linked to certain health problems. The Corporation does not use any of these chemicals in its products.

Federal, state and local regulations or actions that prohibit or restrict the sale of the Corporation's vaporizer products, or that decrease consumer demand for the Corporation's products by prohibiting their use, raising the minimum age for their purchase, raising their prices to unattractive levels via taxation, or banning their sale could adversely impact the financial condition and results of operations of the Corporation.

Product Liability

As a distributor of products designed to be ingested by humans, including vaporizer products, the Corporation 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. The Corporation may be subject to various product liability claims, including, among others, that the Corporation'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 Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Corporation.

The Corporation Could Fail to Complete its Proposed or Contemplated Acquisitions or They May Be Completed On Different Terms

There can be no assurances that any of the Corporation's proposed or contemplated acquisitions: (i) will be completed; (ii) will receive the appropriate approvals for their completion required under applicable laws; or (iii) will be completed on the same or similar terms currently contemplated by the Corporation. In addition, if the proposed or contemplated acquisitions are not completed, the ongoing business of the Corporation may be adversely affected as a result of the costs (including opportunity costs) incurred in respect of pursuing such potential acquisitions. Failure to complete the Corporation's proposed or contemplated acquisitions could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation has not registered the Offered Units, the Unit Shares, the Warrants and the Warrant Shares or qualified them pursuant to a prospectus, which will limit your ability to resell them.

The Offered Units, the Unit Shares, the Warrants and the Warrant Shares have not been, and will not be, registered under the U.S. Securities Act or any state securities laws. As a result, the Offered Units, the Unit Shares, the Warrants and the Warrant Shares may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Corporation does not intend to file a registration statement for the resale of the Offered Units, the Unit Shares, the Warrants and the Warrant Shares. The Offered Units, the Unit Shares, the Warrants and the Warrant Shares will, at all times, bear a restrictive legend, unless they have been sold pursuant to an effective registration statement, or sold pursuant to the exemption from registration provided under the U.S. Securities Act.

The Corporation is not providing all of the information that would be required if this Offering were being registered with the SEC.

This Prospectus Supplement does not include all of the information that would be required if the Corporation were registering the offering of the Offered Units, the Unit Shares, the Warrants and the Warrant Shares with the SEC. The Corporation urges you to consider this factor in connection with your evaluation of your investment in the Offering.

Any dividends paid on the Subordinate Voting Shares may be subject to withholding taxes.

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

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

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

to examination of the relevant treaty. Because the Subordinate Voting Shares will be treated as shares of a United States domestic corporation, the United States gift, estate and generation-skipping transfer tax rules generally apply to a non-United States shareholder of Subordinate Voting Shares.

The Corporation is subject to both U.S. and Canadian taxation.

The Corporation is treated as a United States company for United States federal income tax purposes under section 7874 of the Code and is subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Corporation is, regardless of any application of section 7874 of the Code, treated as a resident of Canada for purposes of the Tax Act for Canadian income tax purposes. As a result, the Corporation is subject to taxation both in Canada and the United States, which could have a material adverse effect on its financial condition and results of operations.

EXEMPTION

Pursuant to a decision of the Autorité des marchés financiers dated June 20, 2019, the Corporation was granted a permanent exemption from the requirement to translate into French the Prospectus as well as the documents incorporated by reference therein and any Prospectus Supplement to be filed in relation to any future "at-the-market" distribution. This exemption is granted on the condition that the Prospectus and any Prospectus Supplement (other than in relation to an "at-the-market" distribution) be translated into French if the Corporation offers Securities to Québec purchasers in connection with an offering other than in relation to an "at-the-market" distribution. **The Offered Units will not be sold to Québec resident purchasers.**

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon on behalf of the Corporation by Bennett Jones LLP, Canadian counsel to the Corporation. Certain legal matters in connection with the Offering will be passed upon on behalf of the Underwriter by Stikeman Elliott LLP, Canadian counsel to the Underwriter.

MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business, during the course of the two years prior to the date of this Prospectus Supplement, the Corporation and/or its subsidiaries have entered into the material contracts described in the AIF incorporated by refrence herein. See "*Material Contracts*" in the AIF.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Marcum LLP were appointed as auditors of the Corporation on August 22, 2019 and have confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations. MNP LLP the prior auditors of the Corporation and FGMK LLC the prior auditors of the LLC, have performed the audits in respect of certain financial statements incorporated by reference herein and have confirmed that at all relevant times that they were independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

The transfer agent and registrar for the Subordinate Voting Shares is Odyssey Trust Company at its principal offices in Calgary, Alberta.

INTEREST OF EXPERTS

As of the date of this Prospectus Supplement, the partners and associates of Bennett Jones LLP and Stikeman Elliott LLP beneficially own, directly or indirectly, in the aggregate less than 1% of any class of outstanding securities of the Corporation, Cresco U.S. Corp. and the LLC.

As of the date hereof, Marcum LLP, the current auditors of the Corporation, and its partners and associates, and MNP LLP and FGMK LLC, the former auditors of the Corporation and the LLC respectively, and each of their partners and associates,

beneficially own, directly or indirectly, in their respective groups, less than 1% of any class of outstanding securities of the Corporation, Cresco U.S. Corp. and the LLC.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. Purchasers should refer to any applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal adviser.

In an offering of Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the Warrants are offered to the public under the Offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the Warrant, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

Investors are cautioned that the statutory right of action for damages for a misrepresentation contained in this Prospectus and the this Prospectus Supplement or an amendment thereto is limited, in certain provincial and territorial securities legislation, to the price at which the Offered Units which are convertible, exchangeable or exercisable for other securities of the Corporation are offered to the public under this Prospectus Supplement. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon conversion, exchange or exercise of the Warrants, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of this right of action for damages, or consult with a legal adviser.

CERTIFICATE OF THE UNDERWRITER

Dated: September 18, 2019

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated by reference as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the short form prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

CANACCORD GENUITY CORP.

(signed) *"Steve Winokur"*
Steve Winokur
Managing Director

BEACON SECURITIES LIMITED

(signed) *"Mario Maruzzo"*
Mario Maruzzo
Managing Director

CORMARK SECURITIES INC.

(signed) *"Alfred Avanessy"*
Alfred Avanessy
Managing Director

EIGHT CAPITAL

(signed) *"Patrick McBride"*
Patrick McBride
Principal, Head of Origination

GMP SECURITIES L.P.

(signed) *"Steve Ottaway"*
Steve Ottaway
Managing Director

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

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

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

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Cresco Labs Inc., at 400 W Erie St. #110, Chicago, IL, 60654, telephone 312-929-0993, and are also available electronically at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue and Secondary Offering July 25, 2019

CRESCO LABS

CRESCO LABS INC.
$500,000,000
Subordinate Voting Shares
Debt Securities
Subscription Receipt
Warrants
Units

Cresco Labs Inc. ("**Cresco**" or the "**Corporation**") may from time to time offer and issue the following securities: (i) subordinate voting shares of the Corporation ("**Subordinate Voting Shares**"); (ii) debt securities of the Corporation ("**Debt Securities**"); (iii) subscription receipts ("**Subscription Receipts**") exchangeable for Subordinate Voting Shares and/or other securities of the Corporation; (iv) warrants exercisable to acquire Subordinate Voting Shares and/or other securities of the Corporation ("**Warrants**"); and (v) securities comprised of more than one of Subordinate Voting Shares, Debt Securities, Subscription Receipts and/or Warrants offered together as a unit ("**Units**"), or any combination thereof having an offer price of up to $500,000,000 in aggregate (or the equivalent thereof, at the date of issue, in any other currency or currencies, as the case may be) at any time during the 25-month period that this short form base shelf prospectus (including any amendments hereto, the "**Prospectus**") remains valid. The Subordinate Voting Shares, Debt Securities, Subscription Receipts, Warrants and Units (collectively, the "**Securities**") offered hereby may be offered in one or more offerings, separately or together, in separate series, in amounts, at prices and on terms to be set forth in one or more prospectus supplements (collectively or individually, as the case may be,

"**Prospectus Supplements**"). In addition, one or more securityholders (each, a "**Selling Securityholder**") of the Corporation may also offer and sell Securities under this Prospectus. See "Selling Securityholders".

The Securities may be sold, from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices, including sales made directly on the Canadian Securities Exchange (the "**CSE**") or other existing trading markets for the Securities, and as set forth in an accompanying Prospectus Supplement. See "Plan of Distribution".

The specific terms of any offering of Securities will be set forth in the applicable Prospectus Supplement and may include, without limitation, where applicable: (i) in the case of Subordinate Voting Shares, the number of Subordinate Voting Shares being offered, the offering price, whether the Subordinate Voting Shares are being offered for cash, the person offering the Subordinate Voting Shares (the Corporation and/or the Selling Securityholder) and any other terms specific to the Subordinate Voting Shares being offered; (ii) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, maturity, interest provisions, authorized denominations, offering price, whether the Debt Securities are being offered for cash, the covenants, the events of default, any terms for redemption or retraction, any exchange or conversion rights attached to the Debt Securities, the person offering the Debt Securities (the Corporation and/or the Selling Securityholder) and any other terms specific to the Debt Securities being offered; (iii) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, whether the Subscription Receipts are being offered for cash, the terms, conditions and procedures for the exchange of the Subscription Receipts into or for Subordinate Voting Shares and/or other securities of the Corporation, the person offering the Subscription Receipts (the Corporation and/or the Selling Securityholder) and any other terms specific to the Subscription Receipts being offered; (iv) in the case of Warrants, the number of such Warrants offered, the offering price, whether the Warrants are being offered for cash, the terms, conditions and procedures for the exercise of such Warrants into or for Subordinate Voting Shares and/or other securities of the Corporation, the person offering the Warrants (the Corporation and/or the Selling Securityholder) and any other specific terms; and (v) in the case of Units, the number of Units being offered, the offering price, the terms of the Subordinate Voting Shares, Debt Securities, Subscription Receipts and/or Warrants underlying the Units, the person offering the Units (the Corporation and/or the Selling Securityholder) and any other specific terms.

All shelf information permitted under applicable securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement and only for the purposes of the distribution of the Securities covered by that Prospectus Supplement. The offerings are subject to approval of certain legal matters on behalf of the Corporation by Bennett Jones LLP.

This Prospectus does not qualify for issuance Debt Securities, or Securities convertible or exchangeable into Debt Securities, in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, without limitation, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. This Prospectus may qualify for issuance Debt Securities, or Securities convertible or exchangeable into Debt Securities, in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or bankers' acceptance rate, or to recognized market benchmark interest rates such as CDOR (the Canadian Dollar Offered Rate) or LIBOR (the London Interbank Offered Rate), and/or convertible into or exchangeable for Subordinate Voting Shares and/or other securities of the Corporation.

The Corporation and the Selling Securityholders may sell the Securities, separately or together: (i) to one or more underwriters or dealers; (ii) through one or more agents; or (iii) directly to one or more purchasers. The Prospectus Supplement relating to a particular offering of Securities will describe the terms of such offering of Securities, including: (i) the terms of the Securities to which the Prospectus Supplement relates, including the type of Security being offered, and the method of distribution; (ii) the name or names of any underwriters, dealers or agents involved in such offering of Securities; (iii) the purchase price of the Securities offered thereby and the proceeds to, and the expenses borne by, the Corporation or the Selling Securityholder from the sale of such Securities; (iv) any commission,

underwriting discounts and other items constituting compensation payable to underwriters, dealers or agents; (v) any discounts or concessions allowed or re-allowed or paid to underwriters, dealers or agents; and (vi) the identity of the Selling Securityholder, if any. See "Plan of Distribution".

In connection with any offering of the Securities, subject to applicable laws (unless otherwise specified in the relevant Prospectus Supplement), the underwriters or agents may over-allot or effect transactions that stabilize or maintain the market price of the offered Securities at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See "Plan of Distribution".

The issued and outstanding Subordinate Voting Shares are listed and posted for trading on the CSE under the symbol "CL". On July 24, 2019, the last trading day prior to the date of this Prospectus, the closing price per Subordinate Voting Share on the CSE was $10.96. **Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, Subscription Receipts, Warrants and Units will not be listed on any securities exchange. There is no market through which these Securities may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation.**

Investing in Securities is speculative and involves a high degree of risk and should only be made by persons who can afford the total loss of their investment. A prospective purchaser should therefore review this Prospectus and the documents incorporated by reference herein in their entirety and carefully consider the risk factors described or referenced under "Risk Factors" prior to investing in such Securities.

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

The Corporation has three classes of issued and outstanding shares: the Subordinate Voting Shares, the Proportionate Voting Shares of the Corporation (the "**Proportionate Voting Shares**") and the Super Voting Shares of the Corporation (the "**Super Voting Shares**"). The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws. Each Subordinate Voting Share is entitled to one vote per Subordinate Voting Share, each Proportionate Voting Share is entitled to one vote in respect of each Subordinate Voting Share into which such Proportionate Voting Share could ultimately then be converted, which is currently equal to 200 votes per Proportionate Voting Share, and each Super Voting Share is currently entitled to 2,000 votes per Super Voting Share on all matters upon which the holders of shares of the Corporation are entitled to vote, and holders of Subordinate Voting Shares, Proportionate Voting Shares and Super Voting Shares will vote together on all matters subject to a vote of holders of both those classes of shares as if they were one class of shares, except to the extent that a separate vote of holders as a separate class is required by law or provided by the articles of the Corporation. Other than the return of the issue price for their Super Voting Shares, the holders of Super Voting Shares are not entitled to receive, directly or indirectly, as holders of Super Voting Shares, any other assets or property of the Corporation. Holders of Subordinate Voting Shares and Proportionate Voting Shares are entitled to receive, as and when declared by the board of directors of the Corporation, dividends in cash or property of the Corporation. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares are, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares (including, without restriction, the Proportionate Voting Shares and the Super Voting Shares as to the issue price paid in respect thereof), entitled to participate rateably along with all other holders of Subordinate Voting Shares. **In the event that a take-over bid is made for the Super Voting Shares, the holders of Subordinate Voting Shares will not be entitled to participate in such offer and may not tender their shares into any such offer, whether under the terms of the Subordinate Voting Shares or under any coattail trust or similar agreement. Notwithstanding this, any take-over bid for solely the Super Voting Shares is unlikely given that by the terms of the investment agreement entered into by the Corporation and the Founders (as defined herein) in connection with the issuance to the Founders of the Super Voting Shares, upon any sale of Super Voting Shares to an unrelated third party purchaser, such Super Voting Shares will be redeemed by the Corporation for their issue price**. See "Description of Share Capital of the Corporation" for further details.

The directors, chief executive officer and chief financial officer of the Corporation reside outside of Canada and each has appointed Bennett Jones LLP, 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4, as his or her agent for service of process in Canada. FGMK, LLC, the auditor in respect of the audited financial statements of Cresco Labs LLC, as at and for the years ended January 31, 2018 and 2017, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, even if the party has appointed an agent for service of process.

The Corporation's head office is located at 400 W Erie St. #110, Chicago, IL, 60654 and registered office is located at Suite 2200, 1055 West Hastings Street, Vancouver, BC, V6E 2E9.

This Prospectus qualifies the distribution of securities of an entity that currently directly derives a substantial portion of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. Federal Law. The Corporation is directly involved (through licensed subsidiaries) in both the adult-use and medical cannabis industry in the States of Illinois, Pennsylvania, Ohio, Nevada, Arizona and California, as permitted within such states under applicable state law which states have regulated such industries, and is in the process of acquiring businesses which would allow the Corporation to directly participate in the adult-use and medical cannabis industry in the States of New York, Massachusetts, Florida and Maryland, as permitted within such states under applicable state law and which states have regulated such industries.

The cultivation, sale and use of cannabis is illegal under federal law pursuant to the U.S. Controlled Substance Act of 1970 (the "CSA"). Under the CSA, the policies and regulations of the United States Federal Government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memo (as defined herein). With the Cole Memo rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. If the Department of Justice policy was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Corporation could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, and (ii) the arrest of its employees, directors, officers, managers and investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state- licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis. Additionally, as has recently been affirmed by U.S. Customs and Border Protection, employees, directors, officers, managers and investors of the Corporation who are not U.S. citizens face the risk of being barred from entry into the United States for life.

Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current U.S. federal law. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Corporation's business, results of operations, financial condition and prospects would be materially adversely affected.

Despite the current state of the federal law and the CSA, the States of California, Nevada, Massachusetts, Maine, Michigan, Washington, Oregon, Colorado, Vermont and Alaska, and the District of Columbia, have legalized recreational use of cannabis. Maine and Michigan have not yet begun recreational cannabis commercial operations. In early 2018, Vermont became the first state to legalize recreational cannabis by passage in a state legislature, but does not allow commercial sales of recreational cannabis. Although the District of Columbia voters passed a ballot initiative in November 2014, no commercial recreational operations exist because of a prohibition on using funds for regulation within a federal appropriations amendment to local District spending powers.

In addition, over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis, provided that there are strict limits on the levels of THC. However, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions.

The Corporation's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States. Accordingly, there are a number of significant risks associated with the business of the Corporation. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current federal law, and the business of the Corporation may be deemed to be producing, cultivating, extracting, or dispensing cannabis or aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of federal law in the United States.

For these reasons, the Corporation's investments in the United States cannabis market may subject the Corporation to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian authorities. There are a number of risks associated with the business of the Corporation. See the section entitled "Risk Factors" herein and within the AIF (as defined herein).

TABLE OF CONTENTS

ABOUT THIS SHORT FORM BASE SHELF PROSPECTUS

An investor should rely only on the information contained in this Prospectus (including the documents incorporated by reference herein) and is not entitled to rely on parts of the information contained in this Prospectus (including the documents incorporated by reference herein) to the exclusion of others. The Corporation has not authorized anyone to provide investors with additional or different information. The Corporation takes no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give readers of this Prospectus. Information contained on, or otherwise accessed through, the Corporation's website shall not be deemed to be a part of this Prospectus and such information is not incorporated by reference herein.

The Corporation is not offering to sell the Securities in any jurisdictions where the offer or sale of the Securities is not permitted. The information contained in this Prospectus (including the documents incorporated by reference herein) is accurate only as of the date of this Prospectus or as of the date as otherwise set out herein (or as of the date of the document incorporated by reference herein or as of the date as otherwise set out in the document incorporated by reference herein, as applicable), regardless of the time of delivery of this Prospectus or any sale of the Subordinate Voting Shares, Debt Securities, Subscription Receipts, Warrants and/or Units. The business, financial condition, capital, results of operations and prospects of the Corporation may have changed since those dates. The Corporation does not undertake to update the information contained or incorporated by reference herein, except as required by applicable Canadian securities laws.

This Prospectus shall not be used by anyone for any purpose other than in connection with an offering of Securities as described in one or more Prospectus Supplements.

The documents incorporated or deemed to be incorporated by reference herein contain meaningful and material information relating to the Corporation and readers of this Prospectus should review all information contained in this Prospectus, the applicable Prospectus Supplement and the documents incorporated or deemed to be incorporated by reference herein and therein.

MEANING OF CERTAIN REFERENCES AND CURRENCY PRESENTATION

References to dollars or "**$**" are to Canadian currency unless otherwise indicated. All references to "**US$**" refer to United States dollars. On July 24, 2019, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US$1.00 = $1.3137.

Unless the context otherwise requires, all references in this Prospectus to the "Corporation" refer to the Corporation and its subsidiary entities on a consolidated basis.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, the market and industry data contained or incorporated by reference in this Prospectus is based upon information from independent industry publications, market research, analyst reports and surveys and other publicly available sources. Although the Corporation believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey. The Corporation has not independently verified any of the data from third party sources referred to or incorporated by reference herein, and accordingly the accuracy and completeness of such data is not guaranteed.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws. All information, other than statements of historical facts, included in this Prospectus that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or

similar expressions and includes, among others, information regarding: expectations for the effects of the Business Combination, statements relating to the business and future activities of, and developments related to, the Corporation after the date of this Prospectus, including but not limited to, such things as future business strategy, competitive strengths, goals, expansion and growth of the Corporation's business, operations and plans, including new revenue streams, the completion of contemplated acquisitions by the Corporation, the application for additional licenses and the grant of licenses that have been applied for, the expansion of existing cultivation and production facilities, the completion of cultivation and production facilities that are under construction, the construction of additional cultivation and production facilities, the expansion into additional States within the United States, international markets and Canada, any potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the United States and the States in which the Corporation operates; expectations for other economic, business, regulatory and/or competitive factors related to the Corporation or the cannabis industry generally; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions, estimates, analysis and opinions of management of the Corporation at the time they were provided or made, in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements.

Forward-looking information and statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including among other things assumptions about: the contemplated acquisitions and dispositions being completed on the current terms and current contemplated timeline; development costs remaining consistent with budgets; ability to manage anticipated and unanticipated costs; favorable equity and debt capital markets; the ability to raise sufficient capital to advance the business of the Corporation; favorable operating and economic conditions; political and regulatory stability; obtaining and maintaining all required licenses and permits; receipt of governmental approvals and permits; sustained labor stability; stability in financial and capital goods markets; favourable production levels and costs from the Corporation's operations; the pricing of various cannabis products; the level of demand for cannabis products; the availability of third party service providers and other inputs for the Corporation's operations; and the Corporation's ability to conduct operations in a safe, efficient and effective manner. While the Corporation considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking information and statements. Many assumptions are based on factors and events that are not within the control of the Corporation and there is no assurance they will prove to be correct.

Risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements include, among others, risks relating to the concentrated Founder voting control of the Corporation and the unpredictability caused by the existing capital structure; U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to the ability to consummate the proposed acquisitions and the ability to obtain requisite regulatory approvals and third party consents and the satisfaction of other conditions to the consummation of the proposed acquisitions on the proposed terms and schedule; the potential impact of the announcement or consummation of the proposed acquisitions on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; the diversion of management time on the proposed acquisitions; risks related to contracts with third party service providers; risks related to the enforceability of contracts; the limited operating history of the Corporation; reliance on the expertise and judgment of senior management of the Corporation; risks inherent in an agricultural business; risks related to co-investment with parties with different interests to the Corporation; risks related to proprietary intellectual property and potential infringement by third parties; risks relating to financing activities including leverage; risks relating to the management of growth; increased costs associated with the Corporation becoming a publicly traded company; increasing competition in the industry; risks relating to energy costs; risks associated to cannabis products manufactured for human consumption including potential product recalls;

reliance on key inputs, suppliers and skilled labour (the availability and retention of which is subject to uncertainty); cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; the limited market for securities of the Corporation; limited research and data relating to cannabis; as well as those risk factors discussed elsewhere herein and in the documents incorporated by reference herein, including the AIF.

Readers are cautioned that the foregoing lists are not exhaustive of all factors and assumptions that may have been used. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding the Corporation's expected financial and operating performance and the Corporation's plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this Prospectus represent the Corporation's views and expectations as of the date of this Prospectus and forward-looking information and statements contained in the documents incorporated by reference herein represent the Corporation's views and expectations as of the date of such documents, unless otherwise indicated in such documents. The Corporation anticipates that subsequent events and developments may cause its views and expectations to change. However, while the Corporation may elect to update such forward- looking information and statements at a future time, it has no current intention of and assumes no obligation for doing so except to the extent required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the General Counsel of the Corporation, at 400 W Erie St. #110, Chicago, IL, 60654, 312-929-0993, and are also available electronically at www.sedar.com.

As of the date hereof, the following documents (or the sections or sub-sections thereof set out below), filed with the various securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

1. the annual information form of the Corporation dated May 9, 2019 (the "**AIF**");

2. the unaudited condensed interim financial statements of the Corporation for the three months ended March 31, 2019 and 2018, except the notice of no auditor review contained therein, together with the notes thereto;

3. the management's discussion and analysis of the Corporation for the three months ended March 31, 2019 and 2018;

4. the audited financial statements of the Corporation for the years ended December 31, 2018 and 2017, together with the notes thereto and the auditor's report for the year ended December 31, 2018 attached thereto and the auditor's report for the year ended December 31, 2017 attached to the restated December 31, 2017 financial statements filed on May 6, 2017;

5. the management's discussion and analysis of the Corporation for the three and twelve month period ended December 31, 2018;

6. the unaudited condensed interim consolidated financial statements of CannaRoyalty Corp. d/b/a Origin House ("**Origin House**") for the three months ended March 31, 2019 and March 31, 2018, except the notice of no auditor review contained therein, together with the notes thereto;

7. the audited financial statements of Origin House for the years ended December 31, 2018 and 2017, together with the notes thereto and the auditor's report attached thereto;

8. the following sections and sub-sections of the listing statement of the Corporation dated November 30, 2018 (the "**Listing Statement**"): (a) the sub-section entitled "Summary of the Equity Plan" of Section 9 (Options to Purchase Securities) of the Listing Statement; and (b) Section 15 (Executive Compensation) of the Listing Statement;

9. the management information circular of the Corporation dated October 17, 2018, prepared in connection with a special meeting of shareholders held on November 14, 2018 (the "**RTO Circular**"), other than any other statement contained in the RTO Circular to the extent that any statement contained herein or in any document incorporated or deemed to be incorporated by reference herein subsequently filed after the RTO Circular modifies or supersedes such a statement contained in the RTO Circular; and

10. the material change report dated April 11, 2019, announcing the entering into of an arrangement agreement with Origin House pursuant to which the Corporation has agreed to acquire all of the issued and outstanding shares of Origin House pursuant to a court approved plan of arrangement.

Any document of the type required by National Instrument 44-101 — *Short Form Prospectus Distributions* to be incorporated by reference into a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), business acquisition reports, interim financial statements, annual financial statements and the auditor's report thereon, management's discussion and analysis and information circulars of the Corporation filed by the Corporation with securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the completion or withdrawal of any offering under this Prospectus shall be deemed to be incorporated by reference into this Prospectus.

Upon a new interim financial report and related management's discussion and analysis of the Corporation being filed with the applicable securities regulatory authorities during the currency of this Prospectus, the previous interim financial report and related management's discussion and analysis of the Corporation most recently filed shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder. Upon new annual financial statements and related management's discussion and analysis of the Corporation being filed with the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual financial statements and related management's discussion and analysis and the previous interim financial report and related management's discussion and analysis of the Corporation most recently filed shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder. Upon a new annual information form of the Corporation being filed with the applicable securities regulatory authorities during the currency of this Prospectus, the following documents shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder: (i) the previous annual information form, if any; (ii) material change reports filed by the Corporation prior to the end of the financial year in respect of which the new annual information form is filed; (iii) business acquisition reports filed by the Corporation for acquisitions completed prior to the beginning of the financial year in respect of which the new annual information form is filed; and (iv) any information circular of the Corporation filed by the Corporation prior to the beginning of the financial year in respect of which the new annual information form is filed. Upon a new information circular of the Corporation prepared in connection with an annual general meeting of the Corporation being filed with the applicable securities regulatory authorities during the currency of this Prospectus, the previous information circular of the Corporation prepared in connection with an annual general meeting of the Corporation shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder.

A Prospectus Supplement to this Prospectus containing the specific variable terms in respect of an offering of the Securities will be delivered to purchasers of such Securities together with this Prospectus, unless an exemption from the prospectus delivery requirements has been granted or is otherwise available, and will be deemed to be incorporated

by reference into this Prospectus as of the date of such Prospectus Supplement only for the purposes of the offering of the Securities covered by such Prospectus Supplement.

Notwithstanding anything herein to the contrary, any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document incorporated or deemed to be incorporated by reference herein modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall thereafter neither constitute, nor be deemed to constitute, a part of this Prospectus, except as so modified or superseded.

THE CORPORATION

Corporate Structure

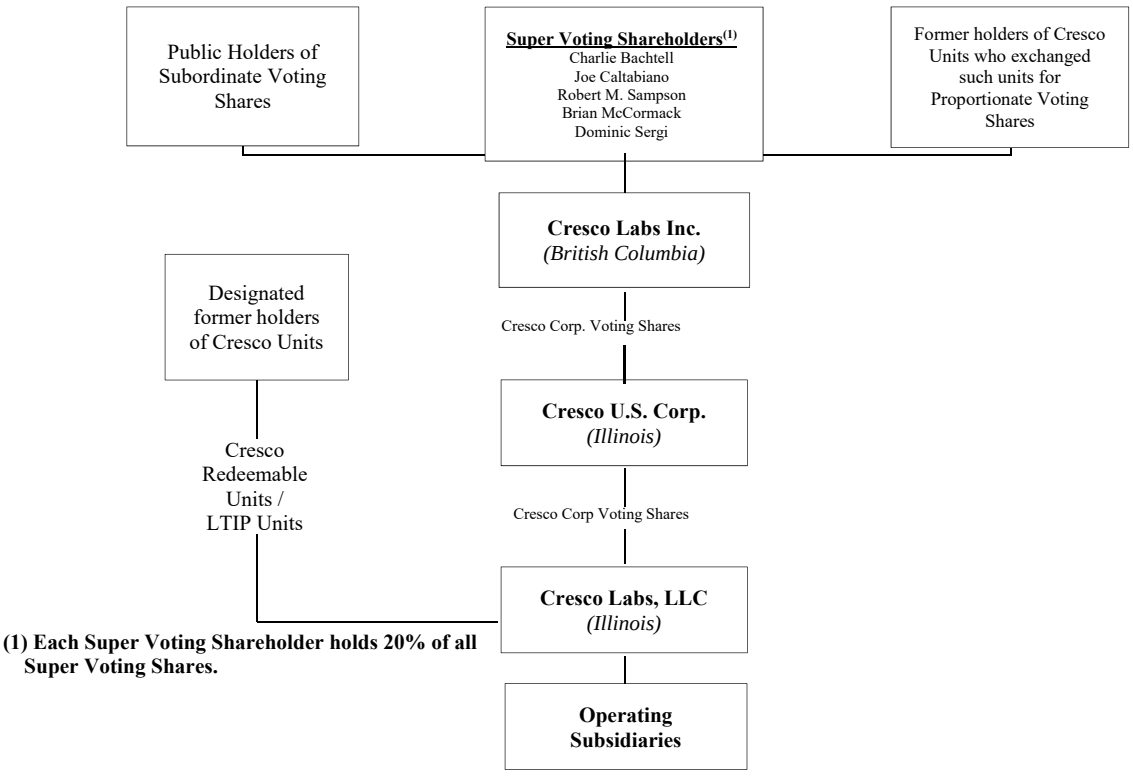
The Corporation was incorporated in the Province of British Columbia under the *Business Corporations Act* (British Columbia) on July 6, 1990. On December 30, 1997, the Corporation changed its name from Randsburg Gold Corporation to Randsburg International Gold Corp. ("**Randsburg**"), and consolidated its outstanding common shares on a five (5) old for one (1) new basis. On November 30, 2018, in connection with the Business Combination, the Corporation (i) consolidated its outstanding Randsburg Common Shares on a 812.63 old for one (1) new basis by way of resolution of its board of directors (without any corporate filings being necessary), and (ii) filed an alteration to its Notice of Articles with the British Columbia Registrar of Companies to change its name from Randsburg International Gold Corp. to Cresco Labs Inc. and to amend the rights and restrictions of its existing class of common shares, redesignate such class as the class of Subordinate Voting Shares and create the Proportionate Voting Shares and the Super Voting Shares (collectively, the "**Share Terms Amendment**").

The Corporation's head office is located at 400 W Erie St #110, Chicago, IL 60654 and the Corporation's registered office is located at Suite 2200, 1055 West Hastings Street, Vancouver, BC V6E 2E9.

Pursuant to the Business Combination, among the Corporation (then Randsburg) and Cresco, a series of transactions were completed on November 30, 2018 resulting in a reorganization of Cresco and Randsburg and pursuant to which Randsburg became the indirect parent and sole voting unitholder of Cresco. The Business Combination constituted a reverse takeover of Randsburg by Cresco under applicable securities laws.

Cresco Labs LLC (the "**LLC**") was formed as a limited liability company under the laws of the state of Illinois on October 8, 2013 and is governed by the Cresco limited liability company agreement dated October 8, 2013, as amended and restated as of March 28, 2015 and as further amended and restated as of March 17, 2018 and as of July 1, 2018 (the "**Pre-Combination LLC Agreement**"). The Pre-Combination LLC Agreement was further amended and restated in connection with the completion of the Business Combination.

Set forth below is the condensed organization chart of the Corporation. The material subsidiaries of Cresco did not change in connection with the Business Combination.



Note: See "Description of Share Capital of the Corporation" herein, "Description of Share Capital of Cresco Corp." in the AIF and "Description of Unit Capital of Cresco" in the AIF for additional details as to the share and unit capital of the Corporation, Cresco U.S. Corp. ("**Cresco Corp.**") and the LLC, respectively.

Summary Description of the Business

Cresco exists to provide high-quality and consistent cannabis-based products to consumers. Cresco blends regulatory compliance expertise with best practices from the agricultural, pharmaceutical and consumer packaged goods industries. Cresco (either directly or indirectly through subsidiaries) has been awarded three licenses to cultivate and manufacture medicinal cannabis in the State of Illinois. Cresco was awarded a cultivation license in Pennsylvania and was one of only five cultivators that was initially also awarded a dispensary license which allows for up to three dispensaries, with a second license granted in December of 2018 for up to three additional dispensaries. Cresco was awarded a cultivation license in Ohio and a dispensary license in Ohio and was the first approved dispensary to begin dispensary operations in Ohio in December 2018. Most recently, Cresco received prequalification from the State of Michigan, which will allow Cresco to operate growing, processing and provisioning center facilities in Michigan. Cresco also has an interest in a cultivation, processing, and dispensary license in Nevada, an ownership interest in cultivation and processing licenses in California, and an owns and operates five dispensaries in Illinois. Additionally, Cresco has entered into an agreement to acquire a company involved in the cultivation and processing of medical cannabis as well as the establishment of four medical cannabis dispensaries in the State of New York (Refer to "General Development of the Business – Pipeline Transactions" in the AIF for further information), an agreement to acquire assets in Massachusetts, including state registration and licensing that will allow for cultivation, manufacturing, processing, and the establishment and operation of a medical marijuana dispensary, with the ability to obtain up to three medical marijuana dispensary licenses and three adult-use dispensary licenses.

Cresco plans to leverage the success in these markets to expand into legalized cannabis markets in other states, while focusing on compliance, control, efficiency, and product performance in the medicinal or adult-use cannabis industry.

Cresco owns and operates cultivation, manufacturing and retail dispensary businesses. The manufacturing and retail businesses are operational today and vertically integrated across six highly regulated and/or limited licensed, and

therefore limited legal supply markets: Illinois, Nevada, Ohio, Arizona, Pennsylvania and California, with processing operations in Maryland, and is expected to commence cultivation, manufacturing and retail dispensary operations in New York, Michigan and Massachusetts. These markets, where supply and demand can be reasonably predicted and forecasted, create the foundation upon which Cresco has created the opportunity for sustainable growth. Importantly, Cresco is not yet active in markets popularized by mainstream media like Washington, Oregon and Colorado where loose regulatory frameworks create unpredictable supply-demand market dynamics.

This ownership of wholesale and retail businesses supports Cresco's strategy of distributing brands at scale by enabling Cresco to capture market share, generate brand awareness, and earn customer loyalty in its operating markets. By guaranteeing share-of-shelf in its own retail stores and its ability to foster mutually beneficial relationships with its third-party dispensary customers as a large supplier of a portfolio of distinct and trusted cannabis brands.More detailed information regarding the business of the Corporation as well as its operations, assets, and properties can be found in the AIF and other documents incorporated by reference herein, as supplemented by the disclosure herein. See "Documents Incorporated by Reference" and "Additional Recent Developments".

ORIGIN HOUSE ACQUISITION

Acquisition

On April 1, 2019, the Corporation announced that it had entered into a definitive agreement with Origin House to acquire all of the issued and outstanding shares of Origin House (the "**Arrangement**"). Total consideration for the Arrangement is equal to approximately C$1.1 billion on a fully-diluted basis, or C$12.68 per Origin House share. After giving effect to the Arrangement, Origin House shareholders will hold approximately 20% ownership in the pro forma entity (on a pro forma fully-diluted and as converted basis). The Arrangement will be effected by way of a plan of arrangement under Section 182 of the *Business Corporations Act* (Ontario) (the "**OBCA**") and is based on an arrangement agreement between the companies. The Arrangement has been unanimously approved by the board of directors of the Corporation and Origin House.

In order for the Arrangement to be effective, the Arrangement needed to be approved by at least two-thirds (66⅔%) of the votes cast by shareholders of Origin House, voting together as a single class, present in person or represented by proxy at its special meeting of shareholders held on June 11, 2019 (the "**Meeting**"), and entitled to vote. In addition, the Arrangement needed to be approved by at least a simple majority of the votes cast by each class of shares of Origin House, voting separately as classes, present in person or represented by proxy at the Meeting and entitled to vote, excluding the votes of the persons whose votes may not be included under the minority approval requirements for a business combination under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). At the Meeting, the shareholders of Origin House overwhelmingly voted in favour of approving the Arrangement.

The Arrangement is also subject to certain other conditions, including the approval of the Ontario Superior Court of Justice (*Commercial List*), the CSE and certain other regulatory approvals. On June 11, 2019, Origin House and the Corporation announced that pursuant to the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("**HSR Act**"), as amended, both Origin House and the Corporation were required to file a notification to U.S. antitrust authorities and observe a waiting period before completing the Arrangement. On June 10, 2019, pursuant to the HSR Act, Origin House and the Corporation received a request for additional information (the "**Second Request**") from the United State Department of Justice Antitrust Division (the "**Department of Justice**"). The Second Request extends the HSR Act waiting period for up to 30 days after Origin House and the Corporation have each substantially complied with the Second Request, unless that period is extended voluntarily by the parties or terminated soon by the Department of Justice. Complete of the Arrangement remains subject to the expiration or termination of the HSR Act. It is expected that the Arrangement will be completed on or before October 31, 2019.

If the Arrangement received all necessary approvals, and all of the other conditions to closing of the Arrangement are satisfied or waived (where permitted), the Arrangement is expected to be implemented by way of a court-approved plan of arrangement under the OBCA. Pursuant to the Arrangement, holders of Origin House shares (including holders of restricted share units of Origin House) will ultimately receive 0.8428 of a Subordinate Voting Share for each Origin House common share held and 84.28 Subordinate Voting Shares for each Origin House compressed share held.

Pursuant to the Arrangement, at the time of closing, the following transactions, among others, will occur and will be deemed to occur sequentially in the following order:

(a) each of the Origin House shares held by a dissenting Origin House shareholder in respect of which dissent rights have been validly exercised will be deemed to have been transferred without any further act or formality to Origin House in consideration for a debt claim against Origin House for the amount determined in accordance with the plan of arrangement;

(b) each Origin House compressed share outstanding immediately prior to the time of closing (other than Origin House compressed shares held by a dissenting Origin House shareholder in respect of which dissent rights have been validly exercised pursuant to the plan of arrangement and any Origin House compressed shares held by Cresco or any affiliates thereof) will, without any further act or formality by or on behalf of any Origin House compressed shareholder, be deemed to be converted into 100 Origin House common shares;

(c) each Origin House restricted share unit issued and outstanding immediately prior to the time of closing will, without any further act or formality by or on behalf of any Origin House restricted share unit holder, be deemed to be fully vested and will be transferred and disposed by the holder thereof to the Company and cancelled in exchange for one Origin House common share;

(d) each Origin House common share outstanding immediately prior to the time of closing (other than Origin House common shares held by a dissenting Origin House shareholder in respect of which dissent rights have been validly exercised pursuant to the plan of arrangement and any Origin House shares held by Cresco or any affiliates thereof) and each Origin House common share issued to former Origin House compressed shareholders and former Origin House restricted share unit holders will, without any further action by or on behalf of any Origin House common shareholder, be deemed to be assigned and transferred by the holder thereof to Cresco in exchange for 0.8428 Subordinate Voting Shares;

(e) each Origin House option outstanding at the time of closing (whether vested or unvested) will be exchanged for an option to acquire such number of Subordinate Voting Shares as is equal to: (i) that number of Origin House shares that were issuable upon exercise of such Origin House option immediately prior to the time of closing, multiplied by: (ii) 0.8428, rounded down to the nearest whole number of Subordinate Voting Shares, at an exercise price per Subordinate Voting Share equal to the greater of: (A) the quotient determined by dividing: (i) the exercise price per Origin House share at which such Origin House option was exercisable immediately prior to the time of closing; by (ii) 0.8428, rounded up to the nearest whole cent, and (B) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the Tax Act, and all terms and conditions of the Cresco options, including the term to expiry, vesting, conditions to and manner of exercising, will be the same as the Origin House option for which it was exchanged; and

(f) the contingent shareholder share entitlements of Origin House will be deemed to be an entitlement to receive 0.8428 of a Subordinate Voting Share for each Origin House common share or 84.28 Subordinate Voting Shares for each Origin House compressed share, as applicable, that would be issued under the contingent shareholder share entitlement and the applicable contingent shareholder definitive agreement shall be deemed to be amended accordingly.

Contemporaneously at the time of closing, Marc Lustig will be appointed to the Cresco board of directors.

Overall, there is no assurance that the Arrangement will be consummated on the terms outlined above or at all. See "*Risk Factors*".

Origin House History and Description

Origin House is a publicly traded company, incorporated under the OBCA, with its head office and registered office located at 333 Preston Street, Ottawa, Ontario, Canada. Origin House's common shares trade on the CSE under the symbol "OH" and in the United States on the OTCQX market under the symbol "ORHOF".

Origin House was incorporated under the OCBA as "McGarry Minerals Inc." on August 19, 1985. In connection with a corporate reorganization, Origin House changed its name to "Bonanza Blue Corp." ("**Bonanza Blue**") on August 16, 2000. Origin House subsequently changed its name to "CannaRoyalty Corp." on December 5, 2016, prior to the completion of a reverse takeover transaction between Bonanza Blue Corp. and Cannabis Royalties and Holdings Corp.

Origin House is a growing cannabis brands and distribution company operating across key markets in the U.S. and Canada, with a strategic focus on becoming a preeminent global house of cannabis brands. Origin House's foundation is in California, the world's largest regulated cannabis market, where it delivers over 130 branded cannabis products from 50+ brands to more than 500 dispensaries in California, representing approximately 60% market penetration based on the percentage of licensed cannabis micro-businesses and storefronts serviced over the past 9 months. Origin House's brand development platform is operated out of five licensed facilities located across California, and provides distribution, manufacturing, cultivation and marketing services for its brand partners.

Origin House Business Objectives and Operations

Origin House is a fully integrated, active participant in the regulated cannabis sector, with a focus on building a platform of assets across three business units – CR Holdings; CR Brands; and CR Advisory. Origin House contributes strategic expertise and functional knowledge to maximize the return potential of its diversified platform of assets.

Origin House is building a premium suite of branded cannabis consumer products in California, supported by its existing and growing portfolio of strategic manufacturing and distribution assets. Origin House's current portfolio of products includes wholly-owned and licensed products and brands in large and high growth segments of the cannabis industry including vaping, pre-rolls, edibles, topicals, patches, creams, intimacy oils, concentrates, and animal health products. Origin House is focused on continuing to build its leading downstream consumer products business by growing its existing CR Brands portfolio, augmented by judicious acquisitions to bring key products, brands and expertise in-house. Origin House will also seek to create synergies and brand out-licensing opportunities among its portfolio companies and CR Brands products in Canada, as well as Washington, Arizona, Oregon, Florida and Puerto Rico.

Origin House Mergers and Acquisitions

*Acquisitions of Alta Supply Inc. ("**Alta**") and Kaya Management Inc. ("**Kaya**")*

On March 27, 2018, Origin House completed the acquisitions of Alta, a California-based licensed cannabis distributor, and of Kaya, a California-based licensed cannabis manufacturer. The total consideration was $6.3 million and $7.3 million, respectively.

*Acquisitions of FloraCal Farms ("**FloraCal**")*

On July 2, 2018, Origin House closed the acquisition of FloraCal, an ultra-premium cannabis cultivator in California, for total consideration of approximately $33.3 million.

*Acquisition of River Distribution ("**RVR**" or "**River**")*

On August 31, 2018, Origin House gained control of RVR, a large cannabis distributor in California, and began consolidating financial results. Total consideration was approximately $42.3 million. RVR distributes to a number of cannabis dispensaries in California.

*180 Smoke and Affiliates ("**180 Smoke**")*

On February 19, 2019, Origin House completed the acquisition of 180 Smoke and its affiliates ("180 Smoke"), an online and retail Canadian vape operator. Origin House expects the acquisition to result in a retail revenue stream and footprint within Canada.

*Cub City LLC ("**Cub City**")*

On May 2, 2019, Origin House closed the acquisition of Cub City, a licensed premium craft cannabis producer based in Sonoma County, California for total consideration of approximately US $5.3 million.

Origin House's Brand Accelerator Program

The Brand Accelerator Program is designed to develop cannabis brands of the future by providing access to capital, in-house services, and infrastructure.

*Pacific Remedy LLC ("**Pacific Remedy**")*

On July 5, 2018, Origin House acquired the exclusive rights to distribute and manufacture Pacific Remedy's premium infused pre-rolls in California. Origin House's growing manufacturing support platform provides local entrepreneurs like Pacific Remedy the unique opportunity to cost-effectively expand through Origin House's licensed statewide distribution network.

*Utopia Cannabis ("**Utopia**")*

On September 12, 2018, Origin House provided strategic financing to support the expansion and growth of Utopia, an award-winning California-based cannabis brand whereby Origin House advanced US$750,000 towards the prepayment of Utopia-branded manufactured products including jarred extracts, vaporizer cartridges, and edibles.

*Exclusive Distribution of V. Brands, LLC ("**Viola**")*

On January 28, 2019, Origin House entered an exclusive agreement with Viola brands in the state of California. RVR will be the exclusive distributor of all Viola products in California. The Company will also conduct the production of Viola's products, either in-house or through third-party manufacturers. Viola offers its customers ultra-premium shatter, wax, live resins, and concentrates within the medical and recreational cannabis markets.

*Financing to Utopia Cannabis ("**Utopia**")*

On January 30, 2019, Origin House provided additional strategic financing of US $750,000 to Utopia, a California-based cannabis brand. As part of this additional financing, RVR will take over exclusive distribution of Utopia's cannabis flower.

*Financing to Humboldt's Finest Farms ("**Humboldt's Finest**")*

On February 4, 2019, Origin House provided strategic financing of US $704,000 to Humboldt's Finest, an alliance of heritage cannabis farms representing Humboldt County. The funds were advanced towards the forward purchase of Humboldt's Finest cannabis and cannabis products at a discount to wholesale prices.

Exclusive Distribution of Kurvana

On February 13, 2019, Origin House signed a memorandum of understanding ("**MOU**") to commence exclusive distribution of Kurvana products across Northern California. As part of the MOU, the parties have also agreed to explore the transition of distribution in Southern California, subject to fulfilment of mutually acceptable conditions. In addition, Origin House has agreed to provide strategic financing of up to US $10 million to Kurvana under a promissory note. Up to US$4.0 million of the financing was available to draw on immediately and the remaining US$6.0 million will be available subject to fulfillment of certain conditions, with US$3.5 million loaned to Kurvana in the aggregate.

Trichome Financial Corp.

On January 23, 2018, Origin House launched Trichome, a lending partner to emerging and established cannabis companies operating in Canada and globally by providing flexible asset-backed debt financing. Trichome is co-founded with Sprott Inc., a leading resource and real-asset investor, and Stoic Advisor Inc., an independent cannabis focused consulting firm.

*Reverse takeover of 22 Capital Corp ("**22 Capital**")*

On April 24, 2019, Trichome provided updates regarding their previously announced amalgamation under the provisions of the Business Corporations Act (Ontario) that will result in a reverse take-over of 22 Capital by shareholders of Trichome (the "Transaction"). The Transaction, if completed, will constitute 22 Capital's "Qualifying Transaction" as such term is defined in Policy 2.4 of the TSX Venture Exchange ("TSXV").

In connection with the Transaction, Trichome intends to complete a stock-split of its outstanding Trichome Shares and preferred shares in each case on the basis of 1 share for 3 post-split shares. Trichome is currently raising funds for a non-brokered private placement of subscription receipts at a price of $2.10 per Subscription Receipt, post-split, for gross proceeds of a minimum of approximately $15.0 million and a maximum of approximately $30.0 million.

On May 28, 2019 Trichome and 22 Capital received conditional approval from the TSXV regarding the Transaction. Shareholder meetings are expected to occur on July 4, 2019, or such other date as 22 Capital and Trichome may agree and in accordance with applicable law, to seek approval regarding various matters pursuant to the Transaction. The closing of the Transaction is expected to take place on or around July 5, 2019, or such other date as 22 Capital and Trichome may agree, subject to a number of conditions.

Material Assets and Investments

The following chart is a summary of Origin House's material assets and investments according to its Management's Discussion and Analysis for the three months and year ended December 31, 2018, dated April 28, 2019. Origin House has excluded ancillary intellectual property and other minor transactions and investments, with no such items having more than $1,000,000 of tangible or intangible assets on Origin House's consolidated balance sheet as of December 31, 2018. References to "Direct", "Indirect" or "Ancillary" classifications of each asset or investment have the meanings ascribed thereto in Staff Notice 51-352 (revised). All of Origin House's investments that give Origin House "Direct", "Indirect", or "Ancillary" involvement (as such terms are defined in the Staff Notice 51-352 (revised)) in the U.S. marijuana industry are included in the chart.

Assets	Description	Classification	Investment Type	Geography	Jurisdiction
altasupply	Alta Supply Inc. distributes a wide-range of cannabis products in Oakland, California	Direct (Licensed Distributor)	Wholly owned subsidiary. Total consideration was $6.3 million	California	California
KAYA MANAGEMENT INC.	Kaya Management Inc. is a licensed manufacturer of cannabis in Oakland, CA	Direct (Licensed manufacturer)	Wholly owned subsidiary. Total consideration was $7.3 million	California	California
RVR	River Distribution is a licensed distributor of cannabis in California	Direct (Licensed Distributor)	Wholly owned subsidiary. Total consideration was approximately	California	California

			$42.3 million		
FLORACAL	FloraCal Farms is an ultra-premium, licensed cannabis cultivator in Sonoma County, CA.	Direct (Licensed Cultivator)	Wholly owned subsidiary. Total consideration was approximately $33.3 million	California	California
DREAMCATCHER LABS	Dreamcatcher is a technology, brand and IP company which designed a proprietary cartridge for the cannabis sector under the brand name GreenRock Botanicals.	Ancillary (Device and manufacturing IP)	Wholly owned subsidiary. Total consideration was approximately $6.0 million	California Arizona	California
electric medialand	EML is a marketing agency that provides marketing services to Origin House and other cannabis companies.	Ancillary (marketing services)	Wholly owned subsidiary. Total consideration was approximately $1.7 million	Canada California	Canada
RESOLVE	Resolve Digital Health Inc. designs standardized dosing equipment for cannabis consumption.	Ancillary (Device intellectual property)	26.4% equity position. Total consideration was $2.5 million	Canada Australia United States	Canada
ALTMED ENTERPRISES	AltMed is a Florida-based company bringing pharmacy industry precision to the development, production and dispensing of medical cannabis	Direct (Licensed cultivator and distributor)	5.1% equity position in AltMed. Total consideration was US$2.38 million.	Arizona Florida	Arizona Florida
kurvana	Kurvana is a premium cannabis vape company.	Direct (Licenses manufacturer)	Up to $13.4 million promissory note arrangement at 10% interest, with principal and interest due upon maturity in 12 months. $2.7 million loaned as at March 31, 2019.	California	California

In connection with the Arrangement please refer to the audited annual financial statements of Origin House as at and for the years ended December 31, 2018 and 2017, and the unaudited condensed interim consolidated financial statements of Origin House for the three months ended March 31, 2019 and March 31, 2018. Please also refer to Appendix A for the unaudited *pro forma* financial statements of the Corporation as at March 31, 2019, giving effect to the Origin House acquisition.

ADDITIONAL RECENT DEVELOPMENTS

On March 18, 2019, the Corporation announced that it had entered into a letter agreement to acquire the ownership interests or assets of VidaCann Ltd. and/or affiliated entities ("**VidaCann**"). VidaCann is a provider of medical cannabis, including licenses to grow, process, manufacture, distribute and dispense cannabis, in the state of Florida. A definitive equity purchase agreement superseding the letter agreement was entered into on May 15, 2019. The transaction is anticipated to close in Q3, 2019 and is subject to a number of customary closing conditions, including the approval of the CSE, the Florida Department of Health and other applicable U.S. state and local regulatory agencies.

DESCRIPTION OF SHARE CAPITAL OF THE CORPORATION

The authorized share capital of the Corporation consists of an unlimited number of Subordinate Voting Shares, of which 56,325,784 were issued and outstanding as of July 24, 2019, an unlimited number of Proportionate Voting Shares, of which 292,211.97 (which are convertible on a 1:200 basis into 58,442,394 Subordinate Voting Shares) were issued and outstanding as of July 24, 2019, and an unlimited number of Super Voting Shares, of which 500,000 were issued and outstanding as of July 24, 2019. All of the issued and outstanding Super Voting Shares are held by the Corporation's founders, Charlie Bachtell, Joe Caltabiano, Robert Sampson, Dominic Sergi and Brian McCormack (together, the "**Founders**"). In addition, members of the LLC hold 143,690,687 redeemable units that are convertible into Proportionate Voting Shares on a 200:1 basis.

The Subordinate Voting Shares are "**restricted securities**" within the meaning of such term under applicable Canadian securities laws. The Corporation has complied with the requirements of Part 12 of National Instrument 41- 101 — *General Prospectus Requirements* ("**NI 41-101**") to be able to file a prospectus under which the Subordinate Voting Shares or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, the Subordinate Voting Shares are distributed, as the Corporation received the requisite prior majority approval of shareholders of the Corporation, at the annual and special meeting of shareholders held on November 14, 2018, in accordance with applicable law, including Section 12.3 of NI 41-101, for the Share Terms Amendment. The Share Terms Amendment constituted a "**restricted security reorganization**" within the meaning of such term under applicable Canadian securities laws.

As of July 24, 2019, the Subordinate Voting Shares represent approximately 5.05% of the voting rights attached to outstanding securities of the Corporation, the Proportionate Voting Shares represent approximately 5.24% and the Super Voting Shares represent approximately 89.70% of the voting rights attached to outstanding securities of the Corporation.

The following is a summary of the rights, privileges, restrictions and conditions attached to the Subordinate Voting Shares, the Proportionate Voting Shares and the Super Voting Shares, but does not purport to be complete. Reference should be made to the articles of the Corporation and the full text of their provisions for a complete description thereof, which are available under the Corporation's profile on SEDAR at www.sedar.com.

Subordinate Voting Shares

Right to Notice and Vote	Holders of Subordinate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held.

Class Rights & Right of First Refusal	As long as any Subordinate Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Subordinate Voting Shares. Holders of Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation.
Dividends	Holders of Subordinate Voting Shares will be entitled to receive as and when declared by the directors of the Corporation, dividends in cash or property of the Corporation.
Participation	In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares shall, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares (including, without restriction, the Super Voting Shares) be entitled to participate rateably along with all other holders of Subordinate Voting Shares and the Proportionate Voting Shares (on an as converted to Subordinate Voting Shares basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, the Proportionate Voting Shares and the Super Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	In the event that an offer is made to purchase Proportionate Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules or conditions of listing of a stock exchange on which the Proportionate Voting Shares are then listed, to be made to all or substantially all the holders of Proportionate Voting Shares in a given province or territory of Canada to which these requirements apply, each Subordinate Voting Share shall become convertible at the option of the holder into Proportionate Voting Shares at the inverse of the Conversion Ratio then in effect at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Proportionate Voting Shares pursuant to the offer, and for no other reason. In such event, the Corporation's transfer agent shall deposit the resulting Proportionate Voting Shares on behalf of the holder. Should the Proportionate Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Proportionate Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Corporation or on the part of the holder, into Subordinate Voting Shares at the Conversion Ratio then in effect.

Take-Over Bid Protection

The Super Voting Shares are transferable only among the Founders and their respective affiliates for planning and similar purposes. The Founders have entered into an investment agreement with the Corporation whereby, upon any sale of Super Voting Shares to a third party purchaser not listed above, such Super Voting Shares will immediately be redeemed by the Corporation for their issue price. See "*Super Voting Shares – Investment Agreement*" below.

Additionally, as noted above, the Corporation's articles entitle the holders of Subordinate Voting Shares to convert to Proportionate Voting Shares and tender to any take-over bid made solely to the holders of Proportionate Voting Shares.

Proportionate Voting Shares

Right to Vote	Holders of Proportionate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation will have the right to vote. At each such meeting, holders of Proportionate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Proportionate Voting Share could ultimately then be converted, which for greater certainty, shall initially be equal to 200 votes per Proportionate Voting Share (subject to adjustment at the discretion of the Board, depending upon the ratios necessary to preserve foreign private issuer status).
Class Rights	As long as any Proportionate Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Proportionate Voting Shares and Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Proportionate Voting Shares. Consent of the holders of a majority of the outstanding Proportionate Voting Shares and Super Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Proportionate Voting Shares. In connection with the exercise of the voting rights for the foregoing only, each holder of Proportionate Voting Shares will have one vote in respect of each Proportionate Voting Share held.
Dividends	The holder of Proportionate Voting Shares shall have the right to receive dividends, out of any cash or other assets legally available therefor, *pari passu* (on an as converted basis, assuming conversion of all Proportionate Voting Shares into Subordinate Voting Shares) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Proportionate Voting Shares unless the Corporation simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Proportionate Voting Shares will, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Proportionate Voting Shares (including, without restriction, the Super Voting Shares), be entitled to participate rateably along with all other holders of Proportionate Voting Shares (on an as-converted to Subordinate Voting Share basis) and the Subordinate Voting Shares.
Changes	No subdivision or consolidation of the Proportionate Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, the Proportionate Voting Shares and the Super Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	The Proportionate Voting Shares each have a restricted right to convert into 200 Subordinate Voting Shares (the "**Conversion Ratio**"), subject to adjustments for certain customary corporate changes and foreign private issuer considerations. The ability to convert the Proportionate Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Super Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended), may not exceed forty percent (40%) (subject to adjustment) of the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Super Voting Shares issued and outstanding after giving effect to such conversions and to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In addition, the Proportionate Voting Shares will be automatically converted into Subordinate Voting

Shares in certain circumstances, including upon the registration of the Subordinate Voting Shares under the United States Securities Act of 1933, as amended.

Super Voting Shares

Right to Vote	Holders of Super Voting Shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation shall have the right to vote. At each such meeting, holders of Super Voting Shares shall be entitled to 2,000 votes in respect of each Super Voting Share held *provided that,* if at any time the aggregate number of issued and outstanding (i) Cresco Corp Redeemable Shares in the capital of Cresco Corp (if applicable) and (ii) Cresco Redeemable Units in the capital of Cresco (or such securities of any successor to Cresco Corp or Cresco as may exist from time to time) beneficially owned, directly or indirectly by a holder of the Super Voting Shares (the "**Holder**") and the Holder's predecessor or transferor, permitted transferees and permitted successors, and any prior tranferor's transferor and any prior permitted transferee's permitted transferee (the "**Holder's Group**"), divided by the aggregate number of (i) Cresco Corp Redeemable Shares (if applicable) and (ii) Cresco Redeemable Units beneficially owned, directly or indirectly by the Holders and the Holder's Group as at the date of completion of the business combination transaction involving, among others, the Corporation, Cresco Corp and Cresco be less than 50% (the "**Triggering Event**"), the Holder shall from that time forward be entitled to 50 votes in respect of each Super Voting Share held. The holders of Super Voting Shares shall, from time to time upon the request of the Corporation, provide to the Corporation evidence as to such holders' direct and indirect beneficial ownership (and that of its permitted transferees and permitted successors) of Cresco Corp. Redeemable Shares (if applicable) and Cresco Redeemable Units to enable the Corporation to determine the voting entitlement of the Super Voting Shares. For the purposes of these calculations, a Holder shall be deemed to beneficially own Cresco Corp Redeemable Shares (if applicable) held by an intermediate company or fund in proportion to their equity ownership of such company or fund.
Class Rights	As long as any Super Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Consent of the holders of a majority of the outstanding Super Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares. In connection with the exercise of the these voting rights, each holder of Super Voting Shares will have one vote in respect of each Super Voting Share held.
Dividends	The holders of the Super Voting Shares shall not be entitled to receive dividends.
Participation	In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the Corporation will distribute its assets firstly and in priority to the rights of holders of any other class of shares of the Corporation (including the holders of Subordinate Voting Shares and the Proportionate Voting Shares) to return the issue price of the Super Voting Shares to the holders, thereof and if there are insufficient assets to fully return the issue price to the holders of the Super Voting Shares, such holders will receive an amount equal to their pro rata share in proportion to the issue price of their Super Voting Shares along with all other holders of Super Voting Shares. The holders of Super Voting Shares shall not be entitled to receive directly or indirectly as holders of Super Voting Shares any other assets or property of the Corporation and their sole rights will be to the return of the issue price of such Super Voting Shares in accordance with this paragraph.

Changes	No subdivision or consolidation of the Super Voting Shares shall occur unless, simultaneously, the Super Voting Shares, Proportionate Voting Shares and the Subordinate Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	The holders of the Super Voting Shares shall have no right of conversion.
Redemption Rights	Upon the occurrence of a Triggering Event, the Corporation has the right to redeem all or some of the Super Voting Shares from the Holder and Holder's Group who caused the Triggering Event to occur, by providing two days prior written notice to the Holder and Holder's Group of such Super Voting Shares, for an amount equal to the issue price for each Super Voting Share, payable in cash to the holders of the Super Voting Shares so redeemed. The Corporation need not redeem Super Voting Shares on a pro-rata basis among the Holders or Holder's Group. Holders of Super Voting Shares to be redeemed by the Corporation shall surrender the certificate or certificates representing such Super Voting Shares to the Corporation at its records office duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed share transfers relating thereto).
Transfer	No Super Voting Share may be transferred by the holder thereof unless such transfer is to an Immediate Family Member or a transfer for the purposes of estate or tax planning to a company or person that is wholly beneficially owned by such holder or immediate family members of such holder or which such holder or immediate family members of such holder are the sole beneficiaries thereof. In order to be effective, any transfer shall require the prior written consent of the Corporation.
Investment Agreement	To supplement the rights, privileges, restrictions and conditions attached to the Super Voting Shares, the Corporation and the Founders, being the initial holders of Super Voting Shares, entered into an investment agreement effective as of the completion of the Business Combination which, among other things, provides that (i) each Super Voting Share will be transferable only to the holder's immediate family members or an affiliated entity or a transfer to the other Founder or an entity affiliated with the other Founder, and (ii) upon any sale of Super Voting Shares to a third party purchaser not listed in clause (i), such Super Voting Shares will immediately be redeemed by the Corporation for their issue price.

See "Description of Share Capital of Cresco Corp." and "Description of Unit Capital of Cresco" in the AIF for details as to the share and unit capital respectively of Cresco Corp. and the LLC.

DESCRIPTION OF DEBT SECURITIES

The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of the Debt Securities offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement, which particular terms and provisions of such Debt Securities may differ from the general terms and provisions described below in some or all respects.

The Debt Securities will be issued in series under one or more trust indentures to be entered into between the Corporation and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee. Each such trust indenture, as supplemented or amended from time to time, will set out the terms of the applicable series of Debt Securities. The statements in this Prospectus relating to any trust indenture and the Debt Securities to be issued under it are summaries of anticipated provisions of an applicable trust indenture and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of such trust indenture, as applicable.

Each trust indenture may provide that Debt Securities may be issued thereunder up to the aggregate principal amount, which may be authorized from time to time by the Corporation. Any Prospectus Supplement for Debt Securities will contain the terms and other information with respect to the Debt Securities being offered, including:

- the designation, aggregate principal amount and authorized denominations of such Debt Securities;
- the currency for which the Debt Securities may be purchased and the currency in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- the percentage of the principal amount at which such Debt Securities will be issued;
- the date or dates on which such Debt Securities will mature;
- the rate or rates at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any);
- the dates on which any such interest will be payable and the record dates for such payments;
- any redemption term or terms under which such Debt Securities may be defeased;
- any exchange or conversion terms (including, as applicable, the terms in respect of any convertibility to Subordinate Voting Shares); and
- any other specific terms.

Each series of Debt Securities may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

The Debt Securities will be direct obligations of the Corporation. The Debt Securities will be senior or subordinated indebtedness of the Corporation as described in the relevant Prospectus Supplement.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The following sets forth certain general terms and provisions of the Subscription Receipts. The particular terms and provisions of the Subscription Receipts offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement, which particular terms and provisions of such Subscription Receipts may differ from the general terms and provisions described below in some or all respects.

The Corporation may issue Subscription Receipts that may be exchanged by the holders thereof for Subordinate Voting Shares and/or other Securities of the Corporation upon the satisfaction of certain conditions. The Corporation may offer Subscription Receipts separately or together with Subordinate Voting Shares, Debt Securities, Warrants or Units, as the case may be. The Corporation will issue Subscription Receipts under one or more subscription receipt agreements. Under each subscription receipt agreement, a purchaser of Subscription Receipts will have a contractual right of rescission following the issuance of the Subordinate Voting Shares and/or other Securities of the Corporation, as the case may be, to such purchaser upon exchange of Subscription Receipts, entitling the purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Subordinate Voting Shares and/or other Securities of the Corporation, as the case may be, if this Prospectus, the relevant Prospectus Supplement, and any amendment thereto, contains a misrepresentation, provided such remedy for rescission is exercised within 180 days of the date the Subscription Receipts are issued.

Any Prospectus Supplement will contain the terms and conditions and other information relating to the Subscription Receipts being offered, including:

- the number of Subscription Receipts;
- the price at which the Subscription Receipts will be offered and whether the price is payable in installment;

- any conditions to the exchange of Subscription Receipts into Subordinate Voting Shares, and/or other Securities of the Corporation, as the case may be, and the consequences of such conditions not being satisfied;

- the procedures for the exchange of the Subscription Receipts into Subordinate Voting Shares and/or other Securities of the Corporation, as the case may be;

- the number of Subordinate Voting Shares and/or other Securities of the Corporation, as the case may be, that may be exchanged upon exercise of each Subscription Receipt;

- the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;

- the dates or periods during which the Subscription Receipts may be exchanged into Subordinate Voting Shares and/or other Securities of the Corporation;

- whether such Subscription Receipts will be listed on any securities exchange;

- any other rights, privileges, restrictions and conditions attaching to the Subscription Receipts; and

- any other specific terms.

Prior to the exchange of their Subscription Receipts, holders of Subscription Receipts will not have any of the rights of holders of the securities issuable on the exchange of the Subscription Receipts.

DESCRIPTION OF WARRANTS

The following sets forth certain general terms and provisions of the Warrants. The particular terms and provisions of the Warrants offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement, which particular terms and provisions of such Warrants may differ from the general terms and provisions described below in some or all respects.

The Corporation may issue Warrants for the purchase of Subordinate Voting Shares and/or other Securities of the Corporation. Warrants may be issued independently or together with Subordinate Voting Shares, Debt Securities and Subscription Receipts offered by any Prospectus Supplement and may be attached to, or separate from, any such offered Securities. Warrants will be issued under one or more warrant agreements entered into between the Corporation and a warrant agent named in the applicable Prospectus Supplement.

Selected provisions of the Warrants and the warrant agreements are summarized below. This summary is not complete. The statements made in this Prospectus relating to any warrant agreement and Warrants to be issued thereunder are summaries of certain anticipated provisions thereof and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable warrant agreement.

Any Prospectus Supplement will contain the terms and other information relating to the Warrants being offered, including:

- the exercise price of the Warrants;

- the designation of the Warrants;

- the aggregate number of Warrants offered and the offering price;

- the designation, number and terms of the Subordinate Voting Shares and/or other Securities of the Corporation purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers;

- the dates or periods during which the Warrants are exercisable;
- the designation and terms of any securities with which the Warrants are issued;
- if the Warrants are issued as a unit with another security, the date on and after which the Warrants and the other security will be separately transferable;
- the currency or currency unit in which the exercise price is denominated;
- any minimum or maximum amount of Warrants that may be exercised at any one time;
- whether such Warrants will be listed on any securities exchange;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- any rights, privileges, restrictions and conditions attaching to the Warrants; and
- any other specific terms.

Prior to the exercise of their Warrants, holders of Warrants will not have any of the rights of holders of the Securities subject to the Warrants.

DESCRIPTION OF UNITS

Units are a security comprised of more than one of the other Securities described in this Prospectus offered together as a "Unit". A Unit is typically issued so the holder thereof is also the holder of each Security included in the Unit. As a result, the holder of a Unit will have the rights and obligations of a holder of each Security comprising the Unit. The agreement, if any, under which a Unit is issued may provide that the Securities comprising the Unit may not be held or transferred separately at any time or at any time before a specified date.

The particular terms and provisions of the Units offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement, which particular terms and provisions of such Units may differ from the general terms and provisions described below in some or all respects. This description will include, where applicable:

- the designation and terms of the Units and of the Securities comprising the Units, including whether and under what circumstances those Securities may be held or transferred separately;
- any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of the Securities comprising the Units;
- whether the Units will be issued in registered or global form; and
- any other material terms and conditions of the Units.

PRIOR SALES

The following tables set forth details regarding issuances of Subordinate Voting Shares, issuances of securities convertible into or exchangeable, redeemable or exercisable for Subordinate Voting Shares during the 12 month period before the date of this Prospectus.

Date Issued	Number of Cresco Securities[(1)]	Issue Price per Security ($)	Aggregate Issue Price ($)	Nature of Consideration

April 11, 2019	15,119 Proportionate Voting Shares[(2)]	US$1,032.00	US$15,602,808.00	Share Exchange (in connection with the acquisition of MedMar, Inc. – see "Acquisitions and Dispositions" in the AIF for further details)
January 18, 2019 – March 22, 2019	1,712.50 Proportionate Voting Shares[(2)]	C$200.00 – C$450.00	C$342,500.00 – C$770,625.00	Cash (Option Exercises)
January 25, 2019	567.195 Proportionate Voting Shares[(2)]	C$1,146.00	C$650,005.47	Share Exchange (in connection with its acquisition of additional shares of its Pennsylvania entity – see "Acquisitions and Dispositions" in the AIF for further details)
December 11, 2018	1,290.965 Proportionate Voting Shares[(2)]	C$750.00	C$968,223.75	Share Exchange (in connection with the acquisition of TINAD, LLC – see "Acquisitions and Dispositions" in the AIF for further details)
November 26, 2018	12,624,054 Subscription Receipts	C$8.50	C$107,304,459	Cash
October 4, 2018	26,666,667 Class F Units	US$3.75	US$100,000,000	Cash
May 20, 2018	717,556 Class F Units	US$2.25	US$29,114,500	Cash

(1) Upon completion of the Business Combination: (i) the Subscription Receipts were converted on a 1:1 basis to Subordinate Voting Shares; and (ii) the Class F Units were converted on a 1:1 basis to either Cresco Redeemable Units or Proportionate Voting Shares.

(2) As discussed above, Proportionate Voting Shares are convertible into Subordinate Voting Shares on a 1:200 basis.

OPTIONS				
Date Issued	**Number of Units[(1)]**	**Exercise Price per Unit ($)**	**Total Aggregate Proceeds Assuming the Exercise of all Options**	**Nature of Consideration**

October 16, 2017 to September 1, 2018	14,800,000 Options to purchase Class F Units	C$1.25 to C$4.94	C$35,754,185.75 **(assuming the exercise of all options)**	Cash
December 10, 2018	50,000 Options to purchase Subordinate Voting Shares	C$8.70	C$435,000 **(assuming the exercise of all options)**	Cash
December 21, 2018	200,000 Options to purchase Subordinate Voting Shares	C$8.82	C$1,764,000 **(assuming the exercise of all options)**	Cash
December 31, 2018	10,000 Options to purchase Subordinate Voting Shares	C$8.84	C$88,400 **(assuming the exercise of all options)**	Cash
January 17, 2019	149,876 Options to purchase Subordinate Voting Shares	C$8.87	C$1,329,400.12 **(assuming the exercise of all options)**	Cash
March 31, 2019	357,000 Options to purchase Subordinate Voting Shares	C$15.03	C$5,366,914.88 **(assuming the exercise of all options)**	Cash

(1) Upon completion of the Business Combination options to purchase Class F Units were replaced with options to purchase Subordinate Voting Shares on a 1:1 basis, all other material terms of such option grants remained the same.

Conversion of Proportionate Voting Shares to Subordinate Voting Shares		
Date Issued	**Number of Proportionate Voting Shares**	**Number of Subordinate Voting Shares issued on Conversion**
February 7 – April 24, 2019	87,514.67	17,502,934

TRADING PRICE AND VOLUME

Subordinate Voting Shares

The issued and outstanding Subordinate Voting Shares are listed and posted for trading on the CSE under the symbol "CL". The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Subordinate Voting Shares from December 3, 2018 (the date of their initial trading on the CSE upon completion of the Business Combination) up to July 24, 2019 (source: CSE).

Period	High Trading Price	Low Trading Price	Volume
December, 2018	C$12.17	C$9.30	4,386,953
January, 2019	C$9.78	C$8.37	2,467,024
February, 2019	C$9.99	C$5.29	3,197,569
March, 2019	C$15.72	C$10.26	6,422,631
April, 2019	C$18.37	C$14.16	9,171,789
May, 2019	C$17.79	C$13.71	3,435,855
June, 2019	C$15.42	C$11.49	5,511,300
July 1 – July 24, 2019	C$14.10	C$10.55	2,111,595

The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Randsburg Common Shares on the TSX Venture Exchange (the "**TSXV**") from Randsburg's most recently completed financial year January 31, 2018 as well as periods up to November 30, 2018 (Source: TMX Data).[(1)]

Period[(2)]	High Trading Price	Low Trading Price	Volume
2018			
October 10 – November 30, 2018	N/A	N/A	
October 1 - 9	C$0.015	C$0.005	129,000
September	C$0.01	C$0.005	224,000
August	C$0.015	C$0.005	572,850
July	C$0.02	C$0.01	25,480
June	C$0.01	C$0.01	53,147
Mary	C$0.015	C$0.01	2,000
April	C$0.01	C$0.01	2,000
March	C$0.015	C$0.01	57,150
February	C$0.02	C$0.015	1,152,200
January	C$0.02	C$0.01	482,850
2017			
December	C$0.01	C$0.005	158,000
November	C$0.01	C$0.01	70,000
October	C$0.015	C$0.01	3,500
September	C$0.015	C$0.005	86,195
August	C$0.015	C$0.005	46,000
July	C$0.015	C$0.01	24,000
June	C$0.01	C$0.005	191,370
May	C$0.01	C$0.005	372,400
April	C$0.01	C$0.005	197,950
March	C$0.02	C$0.01	889,100
February	C$0.025	C$0.005	3,141,970
January	C$0.015	C$0.005	291,000

Notes:

(1) In connection with the Business Combination, the Randsburg Common Shares were halted from trading on October 10, 2018 and subsequently delisted from the NEX board of the TSXV on October 12, 2018. The table above does not give effect to the consolidation of the Randsburg Common Shares effected by Randsburg, at a rate of 812.63 pre-consolidation Randsburg Common Shares for one post-consolidation Randsburg Common Share, in connection with the Business Combination. See "Corporate Structure" for further details as to such consolidation.

(2) On September 26, 2018, the consolidated its outstanding common shares on a minimum of three (3) and a maximum of twelve (12) existing common shares for each one (1) new common share.

SELLING SECURITYHOLDERS

This Prospectus may also, from time to time, relate to the offering of the Securities by way of a secondary offering (each, a "**Secondary Offering**") by certain Selling Securityholders.

The terms under which the Securities may be offered by Selling Securityholders will be described in the applicable Prospectus Supplement. The Prospectus Supplement for or including any offering of Securities by Selling Securityholders will include, without limitation, where applicable: (i) the names of the Selling Securityholders; (ii) the number and type of Securities owned, controlled or directed by each Selling Securityholder; (iii) the number of Securities being distributed for the accounts of each Selling Securityholder; (iv) the number of Securities to be owned, controlled or directed by each Selling Securityholder after the distribution and the percentage that number or amount represents out of the total number of outstanding Securities; (v) whether the Securities are owned by the Selling Secruityholders, both of record and beneficially, of record only or beneficially only; (vi) if a Selling Securityholder purchased any of the Securities held by him, her or it in the 12 months preceding the date of the Prospectus Supplement, the date or dates the Selling Securityholder acquired the Securities; and (vii) if a Selling Securityholder acquired the Securities held by him, her or it in the 12 months preceding the date of the Prospectus Supplement, the cost thereof to the Selling Securityholder in the aggregate and on a per security basis.

PLAN OF DISTRIBUTION

The Corporation may sell the Securities, separately or together: (i) to one or more underwriters or dealers; (ii) through one or more agents; or (iii) directly to one or more purchasers. The Prospectus Supplement relating to a particular offering of Securities will describe the terms of such offering of Securities, including: (i) the terms of the Securities to which the Prospectus Supplement relates, including the type of Security being offered, and the method of distribution; (ii) the name or names of any underwriters, dealers or agents involved in such offering of Securities; (iii) the purchase price of the Securities offered thereby and the proceeds to, and the expenses borne by, the Corporation from the sale of such Securities; (iv) any commission, underwriting discounts and other items constituting compensation payable to underwriters, dealers or agents; and (v) any discounts or concessions allowed or re-allowed or paid to underwriters, dealers or agents.

The Securities may be sold, from time to time, in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices, including sales made directly on the CSE or other existing trading markets for the Securities, and as set forth in an accompanying Prospectus Supplement. The prices at which the Securities may be offered may vary as between purchasers and during the period of distribution. If, in connection with the offering of Securities at a fixed price or prices, the underwriters have made a bona fide effort to sell all of the Securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial public offering price fixed in such Prospectus Supplement, in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Securities is less than the gross proceeds paid by the underwriters to the Corporation.

Only underwriters, dealers or agents so named in the Prospectus Supplement are deemed to be underwriters, dealers or agents in connection with the Securities offered thereby. If underwriters are used in an offering, the Securities offered thereby will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase Securities will be subject to the conditions precedent

agreed upon by the parties and the underwriters will be obligated to purchase all Securities under that offering if any are purchased. If agents are used in an offering, unless otherwise indicated in the applicable Prospectus Supplement, such agents will be acting on a "best efforts" basis for the period of their appointment. Any public offering price and any discounts or concessions allowed or re-allowed or paid to underwriters, dealers or agents may be changed from time to time.

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

Any offering of Debt Securities, Subscription Receipts, Warrants or Units will be a new issue of securities with no established trading market. Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, Subscription Receipts, Warrants or Units will not be listed on any securities exchange. Unless otherwise specified in the applicable Prospectus Supplement, there is no market through which the Debt Securities, Subscription Receipts, Warrants or Units may be sold and purchasers may not be able to resell Debt Securities, Subscription Receipts, Warrants or Units purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of the Debt Securities, Subscription Receipts, Warrants or Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation. Subject to applicable laws, certain dealers may make a market in these Securities, but will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that any dealer will make a market in these Securities or as to the liquidity of the trading market, if any, for these Securities.

In connection with any offering of the Securities, subject to applicable laws (unless otherwise specified in the relevant Prospectus Supplement), the underwriters or agents may over-allot or effect transactions that stabilize or maintain the market price of the offered Securities at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time.

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

USE OF PROCEEDS

Unless otherwise specified in a Prospectus Supplement, the net proceeds from the sale of Securities by the Corporation will be used for general corporate purposes (including funding ongoing operations and/or working capital requirements), to repay indebtedness outstanding from time to time, discretionary capital programs and potential future acquisitions. Each applicable Prospectus Supplement will contain specific information concerning the use of proceeds from that sale of Securities by the Corporation. The Corporation will not receive any proceeds of the sale of Securities from a Selling Securityholder.

Pursuant to the audited financial statements of the Corporation for the years ended December 31, 2018 and 2017, the Corporation has negative cash flow from operating activities. Each applicable Prospectus Supplement will contain specific information concerning whether, and if so, to what extent, the Corporation will use the proceeds of the distribution to fund any anticipated negative cash flow from operating activities in future periods.

EARNINGS COVERAGE RATIO

The applicable Prospectus Supplement will provide, as required by applicable Canadian securities laws, the earnings coverage ratios with respect to the issuance of Securities pursuant to such Prospectus Supplement.

CONSOLIDATED CAPITALIZATION

The applicable Prospectus Supplement will describe any material change in, and the effect of such material change on, the share and loan capitalization of the Corporation since the date of the Corporation's financial statements for its most recently completed financial period included in such Prospectus Supplement, including any material change that will result from the issuance of Securities pursuant to such Prospectus Supplement.

The Corporation's consolidated capitalization as at March 31, 2019, and after giving effect to the acquisitions of VidaCann and Origin House is as follows:

Security	Number
Cresco Super Voting Shares[(1)]	500,000
Cresco Members converting to Cresco Proportionate Voting Shares (presented on an as-converted to Cresco Shares basis at 1:200)[(2)]	76,425,223
Cresco Members holding Cresco Redeemable Units[(3)]	143,843,628
Subordinate Voting Shares issued to Cresco Members and upon completion of the Business Combination	33,430,730
Shares to be issued in pending acquisitions[(4)]	92,253,067
Basic Shares Outstanding (on an as-converted to Cresco Share basis)[(3)]	**346,452,648**
Cresco Options[(5)]	23,343,073
Cresco Replacement Warrants[(6)]	4,100,000
Existing Cresco Warrants[(7)]	53,325
Broker Warrants from Cresco Subscription Receipt Financing[(8)]	343,745
Fully-Diluted Outstanding	**374,292,791**

Notes

(1) Each carrying 2,000 votes. In the aggregate, the Cresco Super Voting Shares represent approximately 77.0% voting control upon closing of the Cresco RTO.

(2) As discussed in the prospectus, in order to maintain foreign private issuer status, certain U.S. resident members of Cresco hold Proportionate Voting Shares rather than Cresco Shares on a 1:200 basis. Cresco Proportionate Voting Shares carry voting and economic rights proportionate to Cresco Shares. Each Cresco Proportionate Voting Share is convertible into 200 Cresco Shares. This table presents the Cresco Proportionate Voting Shares on an as-converted basis.

(3) Cresco Redeemable Units are convertible to Cresco Proportionate Voting Shares on a 200:1 basis and such Cresco Proportionate Voting Shares are convertible into Cresco Shares on a 1:200 basis.

(4) Shares to be issued in pending acquisitions of Valley Ag, MedMar (closed April 2019), Origin House, and VidaCann, subject to any adjustments provided in the applicable definitive agreement.

(5) 20,029,500 options outstanding at a blended average exercise price of C$3.11 per Cresco Shares. 3,313,573 options reserved for future grants.

(6) 4,000,000 warrants exercisable at C$6.10 per Cresco Shares, issuable in connection with Valley Ag acquisition, 2,000,000 of which are contingent on the achievement of certain performance milestones. 100,000 warrants exercisable at C$1.30 per Cresco Share.

(7) Each exercisable into one Cresco Share at a price of C$7.53.

(8) Each exercisable into one Cresco Share at C$8.50.

UNITED STATES REGULATORY ENVIRONMENT

The emergence of the legal cannabis sector in the United States, both for medical and adult-use, has been rapid as more states adopt regulations for its production and sale. Today, 60% of Americans live in a state where cannabis is legal in some form and almost a quarter of the population lives in states where it is fully legalized for adult use.[1]

The use of cannabis and cannabis derivatives to treat or alleviate the symptoms of a wide variety of chronic conditions has been generally accepted by a majority of citizens with a growing acceptance by the medical community as well. A review of the research, published in 2015 in the Journal of the American Medical Association, found strong evidence that cannabis can treat pain and muscle spasms.[2] The pain component is particularly important because other studies have suggested that cannabis can replace pain patients' use of highly addictive, potentially deadly opiates — meaning marijuana legalization has the potential to save lives.[3]

Polls throughout the U.S. consistently show overwhelming support for the legalization of medical cannabis, together with strong majority support for the full legalization of recreational adult-use cannabis. It is estimated that 94% of the U.S. voters support legalizing cannabis for medical use.[4] In addition, 64% of the U.S. public supports legalizing cannabis for adult recreational use.[5] These represent large increases in public support over the past 40 years in favor of legal cannabis use.

Notwithstanding that more than half of the U.S. states have now legalized adult-use and/or medical marijuana, marijuana remains illegal under U.S. federal law with marijuana listed as a Schedule I drug under the Unites States Controlled Substances Act (the "**CSA**"). See "*Description of the Business*" and "*Risk Factors*" in the AIF for further information. The United States Department of Justice ("**DOJ**") defines Schedule I drugs, substances or chemicals as "**drugs with no currently accepted medical use and a high potential for abuse." The U.S. Food and Drug Administration ("FDA") has not approved marijuana as a safe and effective drug for any indication.**

Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical marijuana under the *Cannabis Act* (Canada), marijuana is largely regulated at the state level in the United States.

State laws regulating cannabis are in direct conflict with the CSA, which makes cannabis use and possession federally illegal in the United States. Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under U.S. federal law under any and all circumstances under the CSA. Although Cresco's and its subsidiaries activities are compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve Cresco and its subsidiaries of liability under United States federal law, nor provide a defense to any U.S. federal proceeding that may be brought against Cresco or its subsidiaries.

The risk of U.S. federal enforcement and other risks associated with the Corporation's business are described in the "*Risk Factors*" section of the AIF.

Current U.S. Cannabis Market

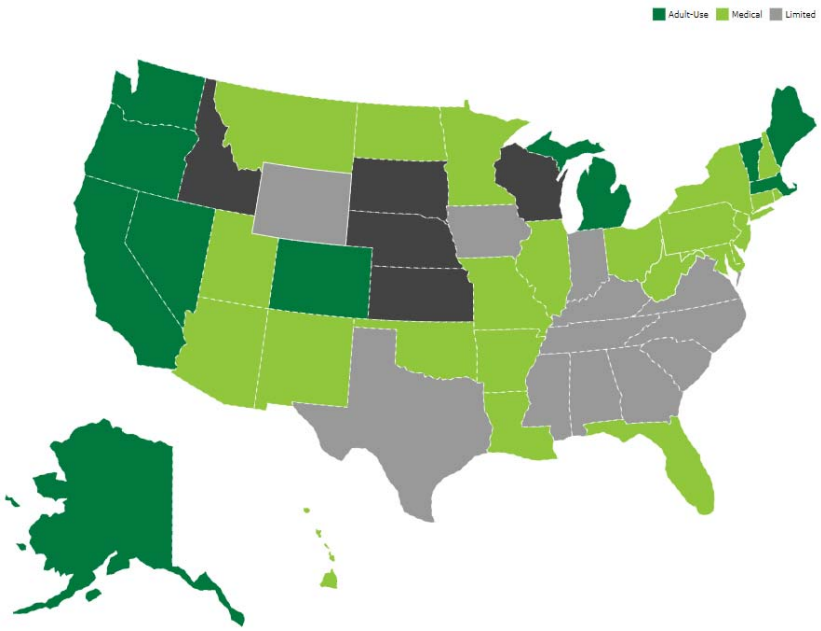
[1] Ripley, Eve. (2016 November 30). Nearly 60 percent of U.S. population now lives in states with marijuana legalization. Retrieved from https://news.medicalmarijuanainc.com/nearly-60-percent-u-s-population-now-lives-states-marijuana-legalization/.

[2] Grant, Igor MD (2015). *Medical Use of Cannabinoids. Journal of American Medical Association, 314: 16,* 1750-1751. doi: 10.1001/jama.2015.11429.

[3] Bachhuber, MA, Saloner B, Cunningham CO, Barry CL. (2014). Medical Cannabis Laws and Opioid Analgesic Overdose Mortality in the United States, 1999-2010. *JAMA Intern Med.* 174(10):1668-1673. doi: 10.1001/jamainternmed.2014.4005.

[4] Quinnipiac University. (2017 April 20). U.S. Voter Support For Marijuana Hits New High; Quinnipiac University National Poll Finds; 76 Percent Say Their Finances Are Excellent Or Good. Retrieved from https://poll.qu.edu/national/release-detail?ReleaseID=2453.

[5] Gallup. (2017 October 25). Record-High Support for Legalizing Marijuana Use in U.S. Retrieved from http://news.gallup.com/poll/221018/record-high-support-legalizing-marijuana.aspx.



Source: https://thecannabisindustry.org/ncia-news-resources/state-by-state-policies/

Due to the support for legal access to marijuana at the state level, there has been rapid opportunity growth in the U.S. market. Sales of legal cannabis flower and cannabis-infused derivative and edible products totaled US$6.1 billion in 2017, and are expected to reach US$8.8 billion in 2018 with approximately 36% of sales for medical use and 64% for full adult use[6]. The U.S. market for direct legal cannabis sales alone is projected to grow to US$17 billion by 2021[7] and the total addressable market for direct cannabis sales in the U.S. today is estimated at US$45-50 billion if every state legalized full adult recreational consumption.[8] By 2030, the size of the U.S. cannabis market is projected to be approximately US$63 billion.[9] Going forward, the Corporation expects that the U.S. cannabis industry will continue to be subject to state legislation, with additional states regulating the medical and recreational use of cannabis**.**

The number of medical cannabis patients in states with existing comprehensive medical cannabis programs was approximately 1.5 million by the end of 2017, served by approximately 1500-2000 medical dispensaries nationwide, a disproportionate number of those in California. It is currently estimated that each patient spends about US$2,000 annually,[10] and that the total number of medical cannabis patients nationwide is expected to grow to 2.5 million by 2021.[11]

Currently the Corporation operates in the States of Illinois, Pennsylvania, Ohio, California, Nevada, Arizona, and Maryland and with firm plans to expand into New York, Massachusetts, Florida and Michigan. It intends to expand into other states within the U.S. that have legalized cannabis use either medicinally or recreationally.

On December 20, 2018, the 2018 Farm Bill (the "**Farm Bill**") became law in the United States. Under the Farm Bill, industrial and commercial hemp is no longer be classified as a Schedule I controlled substance in the United States. Hemp includes the plant Cannabis sativa L and any part of that plant, including seeds, derivatives, extracts, cannabinoids and isomers. To qualify under the Farm Bill, hemp must contain no more than 0.3 percent of delta-9-tetrahydrocannabinol ("THC"). The Farm Bill explicitly allows interstate commerce of hemp which will enable the transportation and shipment of hemp. In February 2019, the Corporation announced the formation of a new wellness

[6] Marijuana Business Daily. (2017). *Marijuana Business Factbook*, 2017. Available from https://mjbizdaily.com/factbook/.
[7] Arcview Market Research & New Frontier Data. (2016). *The State of Legal Marijuana Markets* (4th ed.), pp. 11. Available from https://www.arcviewmarketresearch.com/4th-edition-legal-marijuana-market/.
[8] Marijuana Business Daily. (2017). *Marijuana Business Factbook*, 2017. Available from https://mjbizdaily.com/factbook/.
[9] Eight Capital. (2018). What's Going on Down There? A $63 B Market Cannot be Ignored.
[10] Marijuana Business Daily. (2017). *Marijuana Business Factbook*, 2017. Available from https://mjbizdaily.com/factbook/.
[11] New Frontier Financial. (2015). Modeling of State Patient Counts. *Cannabis Weekly*.

subsidiary, Well Beings, which will offer a full line of high-quality hemp-based CBD wellness products eligible for national distribution. The subsidiary, currently in early development stage, will have its own unique product line and produce CBD versions of Cresco Labs' house of branded products including Cresco, Remedi and Mindy's Edibles and provide the potential to expand its footprint to all 50 states and reach a new customer base outside of the licensed dispensary channel.

Illinois

The Compassionate Use of Medical Cannabis Pilot Program Act, which allows individuals diagnosed with a debilitating medical condition access to medical marijuana, became effective January 1, 2014 and is extended through July 1, 2020. There are over 41 qualifying conditions as part of the medical program, including epilepsy, traumatic brain injury, and post-traumatic stress disorder ("**PTSD**"). Illinois' retail market size for 2017 was over US$86 million, representing an over 140% year-over-year increase. As of October 3, 2018, total retail sales were over US$97 million representing an approximate 12% increase over 2017 retail sales (with 2 months remaining).[12] On August 28, 2018, the Alternatives to Opioids Act (Public Act 100-1114) was signed into law. The Alternative to Opioids Act significantly expands the Illinois' medical marijuana market by enabling patients to access medical marijuana in place of pharmaceutical opioid medications. The Illinois Department of Public Health reports that there were more than 5.3 million prescriptions for opioid-based painkillers filled last year. This paves the way for the single-largest expansion of the existing Illinois Medical Cannabis Pilot Program, which has about 42,000 authorized patients. Those patients have brought the state about US$200 million in sales tax revenue since the program's inception in late 2015.[13]

The Opioid Alternative Pilot Program launched January 31, 2018 with registration open through the Illinois Department of Public Health. The pilot program is part of the Alternative to Opioids Act, which former Gov. Bruce Rauner signed into law in August 2018, with the aim of combating the opioid epidemic. The pilot program will allow patients that receive or are qualified to receive opioid prescriptions access to medical marijuana as an alternative to prescription opioid medications such as OxyContin, Percocet and Vicodin. Medical Cannabis Pilot Program patients with one of the 41 qualifying medical conditions designated by the state of Illinois, and a doctor recommendation can also receive a temporary medical cannabis card online and make immediate cannabis purchases without waiting for their permanent card to be processed. In January 2019, one of Cresco's Illinois dispensary locations launched its participation in this pilot program and made the first sale of medical cannabis thereunder.

In January 2019, JB Pritzker was sworn into office as Governor of Illinois. Cresco's CEO and co-founder, Charles Bachtell, has been appointed to the Cannabis Legalization Subcommittee of the governor's transition team. Cannabis Legalization is one of four subcommittees under the Governor's Restorative Justice and Safe Communities Transition Committee. The primary goals of the Cannabis Legalization Subcommittee are to evaluate and develop implementation recommendations for the Governor-elects platform on legalizing cannabis. As outlined during the Governor's campaign, these priorities include safely legalizing and decriminalizing cannabis, reviewing and commuting the sentences of people incarcerated for cannabis offenses in Illinois, as well as a focus on diversity and community outreach.

On June 25, 2019, Governor Pritzker signed into law the Cannabis Regulation and Tax Act, thereby legalizing the recreational use of cannabis. The establishment of a regulatory scheme and the grant of licenses to cultivate, distribute, and sell recreational cannabis in Illinois are in process. Currently, sales of recreational cannabis are expected to being on or about January 1, 2020.

Pennsylvania

The Pennsylvania medical marijuana program was signed into law on April 17, 2016 under Act 16 and provided access to state residents with one of 17 qualifying conditions, including epilepsy, chronic pain, and PTSD. The state operates as a high-barrier market with very limited market participation. Retail sales opened in February 2018 to a limited number of retail locations across the state. Pennsylvania is the fifth-largest state in the country, home to nearly 13

[12] Illinois Medical Cannabis Pilot Program. (2018 October 3). Overall Medical Cannabis Pilot Program Data, as of 24/10/2018. Retrieved from https://www2.illinois.gov/sites/mcpp/Pages/update10032018.aspx

[13] Illinois News Network (2018 August 28). New law expands access to medical marijuana in Illinois to curb opioid use https://www.ilnews.org/news/health/new-law-expands-access-to-medical-marijuana-in-illinois-to/article_4b2a156c-ab05-11e8-95a9-037d97496f1a.html

million people. Pennsylvania's medical marijuana market is expected to become one of the biggest markets in the U.S.[14]

Ohio

House Bill 523, effective on September 8, 2016, legalized medical marijuana in Ohio. The Ohio Medical Marijuana Control Program allows people with certain medical conditions, upon the recommendation of an Ohio-licensed physician certified by the State Medical Board, to purchase and use medical marijuana. Ohio's medical cannabis sales are projected to be between US$200 and US$400 million once the system is fully matured.[15] According to industry experts, Ohio could become a national "powerhouse" for the medical marijuana industry, largely because of its population — it's the seventh largest state — and because the broad list of conditions eligible for treatment with medical marijuana includes "pain**.**"[16]

California

The California marijuana market is expected to be one of the fastest growing industries in California over the next five years. Market analysts forecast a stabilized market to occur after 2025 where the California marijuana market is estimated to be valued at approximately US$10 billion.[17] In 2016, California recorded approximately US$850 million in medical marijuana retail sales from operated dispensaries state wide; however, it is estimated approximately 85% of total transactions are unrecorded for revenue and are carried out through illegal transactions. The University of California Agricultural Issues Center predicts the illegal market to shrink to less than 30%, legal adult-use sales to increase to approximately 62%, and legal medical sales to decrease from approximately 15% to less than 10% as patients are provided with an alternative to obtaining medical marijuana physician recommendations for a fee.[18]

Nevada

Nevada is one of the most dynamic markets anticipated for the full development of the recreational market. By certain estimates, the recreational market in Nevada is projected to have a cumulative average growth rate of 25%.[19] With most of the state population and tourism located in Las Vegas, the opportunity in Las Vegas is strengthened by the fact that Las Vegas has a limited number of licenses and the city of Las Vegas has placed a priority for current license holders to be preferred in obtaining other non-operating retail licenses. The City of Las Vegas has historically seen nearly forty million tourists in a year, making it one of the most visited cities in the United States. Industry estimates put the overall cannabis market size in Las Vegas to be over US$800 million per year.[20]

Arizona

In 2010, Arizona passed Ballot Proposition 203, which amended Title 36 to the Arizona Revised Statutes ("**ARS**"). This amendment added Chapter 28.1, titled the Arizona Medical Marijuana Act (the "**AMMA**"). The AMMA also appointed the Arizona Department of Health Services (the "**ADHS**") as the regulator for the program and authorized ADHS to promulgate, adopt and enforce regulations for the AMMA. The ADHS has established the Arizona Department of Health Services Medical Marijuana Program ("**MMJ Program**"), which includes a vertically integrated license, meaning if allocated a Medical Marijuana Dispensary Registration Certificate ("**AZ Dispensary License**"), entities are authorized to dispense and cultivate medical cannabis. Arizona's medical marijuana market is one of the largest in the nation as well as one of the hottest. The amount of medical marijuana sold has more than

[14] https://mjbizdaily.com/chart-pennsylvanias-medical-marijuana-market-set-become-one-countrys-biggest/

[15] https://cannabusinessplans.com/ohios-medical-cannabis-market/

[16] https://cannabusinessplans.com/ohios-medical-cannabis-market/

[17] Sources: Berke, Jeremy. (2017 December 8). The legal marijuana market is exploding – it'll hit almost $10 billion sales this year. Retrieved from http://www.businessinsider.com/legal-weed-market-to-hit-10-billion-in-sales-report-says-2017-12; Morris, Chris. (2017 December 6). Legal Marijuana Sales Are Expected to Hit $10 Billion This Year. Retrieved from http://fortune.com/2017/12/06/legal-marijuana-sales-10-billion/; The Arcview Group. (2017 December 6). NEW REPORT: Legal Marijuana Sales to Grow 33% to $10 Billion in 2017. Retrieved from https://globenewswire.com/news-release/2017/12/06/1234230/0/en/NEW-REPORT-Legal-Marijuana-Sales-to-Grow-33-to-10-Billion-in-2017.html.

[18] McGreevy, Patrick. (2017 June 11). Legal marijuana could be a $5-billion boon to California's economy. Retrieved from http://www.latimes.com/politics/la-pol-ca-pot-economic-study-20170611-story.html.

[19] Frontier Financial Group Inc. (2017). Change in Compensation: Working in Cannabis. Retrieved from https://newfrontierdata.com/marijuana-insights/change-in-compensation-working-in-cannabis/.

[20] Retrieved from https://newfrontierdata.com/cannabits/.

doubled from 5,012 pounds in August 2016 to 10,826 pounds in August 2018, according to the ADHS. The patient count during that period has surged from 105,076 to 178,257.[21]

New York

New York is one of the most promising medical cannabis markets that opened in 2016. The state population numbers near twenty million and New York City is among the most populous and visited cities in the U.S.[22] The New York program, when initially implemented, allowed for only five fully vertically integrated licenses. The licenses allowed each license holder the opportunity to operate a cultivation facility, extraction and manufacturing, and four retail medical marijuana dispensaries. The State program was adjusted to increase the range of qualifying conditions which, as of the date hereof, includes chronic and severe pain. In August 2017, the State of New York also increased the number of licensed operators in the state to a total of ten. Each of the newly added licenses can carry out the same operations as the original license holders. The State has made progress towards the ability to increase the outreach to qualified patients through the ten licensed operators via the disbursement of retail locations across the state, the increase in range of qualifying conditions, and other various methods to support patient access. In July, the New York Department of Health filed emergency regulations to add any condition, for which an opioid could be prescribed, as a qualifying condition for medical marijuana. This legislation was signed into law on September 24, 2018. From July 10 to September 25, 2018, the number of certified patients in the system rose to 18%.[23]

Massachusetts

In November 2015, Massachusetts, a medical cannabis market since January 2013, voted in favour of "Question 4", approving the legalization of adult use. Research firm Arcview Market Research projects that the Massachusetts market will grow to over US$1 billion by 2020 at a compound annual growth rate of 113%. The Question 4 ballot initiative requiring the state legislature to authorize the adult use of cannabis in the state was approved by the Massachusetts electorate in November 2016. The first adult use dispensaries opened their doors on July 1, 2018. Located in the very populous North-Eastern region of the U.S., tourism is anticipated to be an important factor in driving market growth in a state that itself has a growing population of 6.8 million. The adjoining states represent an additional "tourist" market of 26 million, vastly exceeding the very successful industry in Colorado. The new legislation allows local control policy, allowing local government officials in towns that voted "no" on the 2016 ballot initiative to ban marijuana businesses until December 2019. For towns that voted "yes" in 2016, any bans must be placed on a local ballot for voters to approve. The maximum sales tax rate will increase from 12% to 20%. Under the bill, the state tax will be 17% and the local option will be 3%.

Maryland

Maryland adopted a comprehensive law legalizing medical cannabis in 2014. The Maryland program will result in a large medical marijuana market as a result of an expansive list of qualifying conditions, less restrictive provisions for obtaining cannabis certifications from doctors, and patient freedom to choose preferred methods of ingestions. The Maryland Medical Cannabis Commission began to sell through dispensaries on December 1, 2017. 14 growers, 12 processors and nine dispensaries have been licensed by the Maryland Medical Cannabis Commission, and on the day sales began, approximately 15,000 people had signed up to be prospective patients. Almost 550 healthcare providers have registered with Maryland to recommend Cannabis to their patients. Maryland has a population of over 6 million people.

Florida

In 2014, the Florida Legislature passed the Compassionate Use Act (the "**CUA**") which was a low-THC (CBD) law, allowing cannabis containing less than 0.8%THC to be sold to patients diagnosed with severe seizures or muscle spasms and cancer. The CUA created a competitive licensing structure and originally allowed for one vertically-

[21] https://mjbizdaily.com/arizonas-sizzling-medical-marijuana-market-entices-investors-despite-legal-uncertainties/

[22] United States Census Bureau. (2017). QuickFacts United States. Retrieved from https://www.census.gov/quickfacts/NY; see also NYC and Company. NYC Travel & Tourism Visitation Statistics. Retrieved from http://www.nycandcompany.org/research/nyc-statistics-page; see also World Atlas. (2017 November 9). The Most Visited Cities In The US. Retrieved from https://www.worldatlas.com/articles/the-most-visited-cities-in-the-us.html.

[23] https://mjbizdaily.com/new-york-formalizes-medical-cannabis-as-alternative-to-opioids-market-boost-seen/

integrated license to be awarded per five regions of the State. The CUA set forth the criteria for applicants as well as the minimum qualifying criteria, which included the requirement to hold a nursery certificate for a minimum of 400,000 plants and to be a registered nursery for at least 30 continuous years. The CUA also created a state registry to track dispensations.

In 2016, the Florida Legislature passed the Right to Try Act (the "**RTA**"), which expanded the State's medical cannabis program to allow for full potency THC products to be sold as "medical cannabis" to patients with a terminal condition that had been diagnosed by two physicians.

In November of 2016, the Florida Medical Marijuana Legalization ballot initiative (the "**Initiative**") to expand the medical cannabis program under the RTA was approved by 71.3% of voters, thereby amending the Florida constitution. The Initiative is now Article X, Section 29 of the Florida Constitution. The Initiative added 10 medical conditions to the list of conditions for which the use of medical cannabis is permitted in Florida. The Initiative also provided for the implementation of state-issued medical cannabis identification cards.

In 2017, the Florida Legislature passed legislation implementing the constitutional amendment and codifying the changes set forth in the constitution. The 2017 law provides for another four licenses to be issued for every 100,000 active qualified patients added to the registry and initially limited license holders to a maximum of 25 dispensary locations with the ability to purchase additional dispensary locations from one another and for an additional five locations to be allowed by the State for every 100,000 active qualified patients added to the registry. The 2017 legislation's cap on dispensing facilities expires on April 1, 2020.

Please see also "United States Regulatory Environment" and "State Regulatory Environment" in the AIF for a further description of the legal and regulatory landscape in respect of the states in which the Corporation currently operates.

Nonetheless, for the reasons referenced above and the risks further described under "Risk Factors" in the AIF, there are significant risks associated with the businesses of the Corporation. Readers are strongly encouraged to carefully read all of the risk factors contained in the AIF and other documents incorporated or deemed to be incorporated by reference herein, the applicable Prospectus Supplement and the documents incorporated or deemed to be incorporated by reference therein.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain Canadian federal income tax considerations generally applicable to investors described therein of purchasing, holding and disposing of the applicable Securities, including, in the case of an investor who is not a resident of Canada, Canadian non-resident withholding tax considerations.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain United States federal income tax considerations generally applicable to investors described therein of purchasing, holding and disposing of the applicable Securities.

RISK FACTORS

Before making an investment decision, prospective purchasers of Securities should carefully consider the information described in this Prospectus and the documents incorporated by reference herein (including subsequently filed documents incorporated by reference herein), including the applicable Prospectus Supplement. Additional risk factors relating to a specific offering of Securities may be described in the applicable Prospectus Supplement. Some of the risk factors described herein and in the documents incorporated by reference herein (including subsequently filed documents incorporated by reference herein), including the applicable Prospectus Supplement are interrelated and, consequently, investors should treat such risk factors as a whole. If any event arising from these risks occurs, the Corporation's business, prospects, financial condition, results of operations and cash flows, and an investment in the Securities, could be materially adversely affected. Additional risks and uncertainties of which the Corporation is currently unaware or that are unknown or that the Corporation currently deems to be immaterial could have a material

adverse effect on the Corporation's business, prospects, financial condition, results of operations and cash flows. The Corporation cannot provide any assurances that it will successfully address any or all of these risks.

Risks Associated with the Securities of the Corporation

Founder Voting Control

As a result of the Super Voting Shares, Charlie Bachtell, Joe Caltabiano, Robert Sampson, Dominic Sergi and Brian McCormack (the "**Founders**") exercise approximately 89.70% of the voting power in respect of the Corporation's outstanding shares. The Subordinate Voting Shares are entitled to 1 vote per share, the Proportionate Voting Shares are entitled to 200 votes per share (subject to adjustment in accordance with the terms thereof) and the Super Voting Shares are entitled to 2,000 votes per share. As a result, the Founders (and any three of the Founders for certain actions not requiring a 2/3 majority) potentially have the ability to control the outcome of matters submitted to the Corporation's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Corporation. If the Founders' employment with the Corporation is terminated, or they resign from their positions with the Corporation, they will continue to have the ability to exercise the same significant voting power. Additionally, each Super Voting Share, may be so transferred to the holder's immediate family members, or in connection with estate or tax planning matters.

In addition, because the number of Super Voting Shares held by a holder thereof from time to time is dependent upon the number of Cresco Redeemable Units (and Cresco Corp Redeemable Shares, if and when issued) beneficially owned, directly or indirectly, or deemed to be so beneficially owned by such holder from time to time, should the Corporation cause Cresco to issue additional Cresco Redeemable Units or Cresco Redeemable Units in the future to a Founder in connection with employee equity incentive programs, it would prolong the Founder's voting control.

To supplement the rights, privileges, restrictions and conditions attached to the Super Voting Shares, the Corporation and the Founders, being the initial holders of Super Voting Shares, entered into an investment agreement effective as of the completion of the Business Combination which, among other things, provides that (i) each Super Voting Share will be transferable only to the holder's immediate family members or an affiliated entity or a transfer to the other Founder or an entity affiliated with the other Founder, and (ii) upon any sale of Super Voting Shares to a third party purchaser not listed in clause (i), such Super Voting Shares will immediately be redeemed by the Corporation for their issue price.

The concentrated control through the Super Voting Shares could delay, defer, or prevent a change of control of the Corporation, arrangement involving the Corporation or sale of all or substantially all of the assets of the Corporation that it's other shareholders support. Conversely, this concentrated control could allow the Founders to consummate such a transaction that the Corporation's other shareholders do not support. In addition, the Founders may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Corporation's business.

As directors and officers of the Corporation, the Founders have control over the day-to-day management and the implementation of major strategic decisions of the Corporation, subject to authorization and oversight by the Corporation Board. As board members and officers, the Founders owe a fiduciary duty to the Corporation's shareholders and are obligated to act honestly and in good faith with a view to the best interests of the Corporation. As shareholders, even controlling shareholders, the Founders are entitled to vote their shares, and shares over which they have voting control, in their own interests, which may not always be in the interests of the Corporation or the other shareholders of the Corporation.

Unpredictability Caused by the Capital Structure and Founder Voting Control

Although other Canadian-based companies have dual class or multiple voting share structures, given the concentration of voting control that is held by the Founders and given the other unique features of the capital structure of the Corporation, including the existence of a significant amount of redeemable equity securities that have been issued by, and are issuable pursuant to the exercise, conversion or exchange of the applicable convertible securities of, Cresco Labs, LLC, which equity securities are redeemable from time to time for Proportionate Voting Shares, in accordance with their terms, the Corporation is not able to predict whether this structure and control will result in a lower trading

price for or greater fluctuations in the trading price of the Subordinate Voting Shares or will result in adverse publicity to the Corporation or other adverse consequences.

Additional Issuance of Subordinate Voting Shares and Subsidiary Securities May Result in Dilution

The Corporation may issue additional securities in the future, which may dilute a shareholder's holdings in the Corporation. The Corporation's articles permit the issuance of an unlimited number of Subordinate Voting Shares, and existing shareholders will have no pre-emptive rights in connection with such further issuance. The Corporation's Board has discretion to determine the price and the terms of further issuances. Moreover, additional Subordinate Voting Shares will be issued by the Corporation on the conversion of the Proportionate Voting Shares in accordance with their terms. The Corporation may also issue Subordinate Voting Shares to finance future acquisitions. The Corporation cannot predict the size of future issuances of Subordinate Voting Shares or the effect that future issuances and sales of Subordinate Voting Shares will have on the market price of the Subordinate Voting Shares. Issuances of a substantial number of additional Subordinate Voting Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional issuance of Subordinate Voting Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its revenue per share.

Additionally, the subsidiaries of the Corporation, such as Cresco U.S. Corp. and Cresco Labs, LLC, may issue additional securities, including Cresco Corp Redeemable Shares, Cresco Redeemable Units and LTIP Units to new or existing shareholders, members or securityholders, including in exchange for services performed or to be performed on behalf of such entities or to finance future acquisitions. Any such issuances could result in substantial dilution to the indirect equity interest of the holders of Subordinate Voting Shares in Cresco Labs, LLC.

Additional Financing

The Corporation expects to require substantial additional capital in the near future to fund its acquisition strategy and to continue operations at its cultivation and production facilities, dispensaries, expansion of its product lines, development of its intellectual property base, increasing production capabilities and expanding its operations in states where it currently operates and states where it currently does not have operations. The Corporation may not be able to obtain additional financing on terms acceptable to it, or at all. If the Corporation fail to raise additional capital, as needed, its ability to implement its business model and strategy could be compromised.

Even if the Corporation obtains financing for its near-term operations, it expects that it will require additional capital thereafter. The capital needs of the Corporation will depend on numerous factors including: (i) profitability; (ii) the release of competitive products by competitors; (iii) the level of investment in research and development; and (iv) the amount of our capital expenditures, including acquisitions. There can be no assurance that the Corporation will be able to obtain capital in the future to meet its needs.

The Corporation is continually assessing a range of public and private financing options, including secured and unsecured debt, equity, convertible debt and real estate sale/leaseback transaction. Although the Corporation has accessed private financing in the past, there is neither a broad nor deep pool of institutional capital that is available to companies in the U.S. cannabis industry. There can be no assurance that additional financing, if raised privately, will be available to the Corporation when needed or on terms which are acceptable.

Volatile Market Price of the Subordinate Voting Shares and Other Listed Securities

The market price of the Subordinate Voting Shares and other listed securities of the Corporation from time to time, cannot be predicted and has been and may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control. This volatility may affect the ability of holders of Subordinate Voting Shares or such other securities to sell their securities at an advantageous price. Market price fluctuations in the Subordinate Voting Shares or such other securities may be due to the Corporation's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or competitive, regulatory or economic trends, adverse changes in the economic performance or market valuations of companies in the industry in which the Corporation operates, acquisitions, dispositions, strategic partnerships, joint ventures, capital commitments or other material public

announcements by the Corporation or its competitors or government and regulatory authorities, operating and share price performance of the companies that investors deem comparable to the Corporation, addition or departure of the Corporation's executive officers and other key personnel, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Subordinate Voting Shares or such other securities.

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

Outstanding Securities are Restricted from Immediate Resale by May be Sold in the Near Future

Certain unitholders of Cresco and shareholders of the Corporation agreed in connection with the SR Offering not to sell their securities of Cresco or the Corporation (including Subordinate Voting Shares), for a period of 180 days from December 3, 2018, unless one of the following occurs: (i) the consent of the joint bookrunners in respect of the SR Offering, such consent not to be unreasonably withheld or delayed; (ii) take-over bid or similar transaction involving a change of control of the Corporation, Cresco, Cresco Corp or any of its subsidiaries; or (iii) transfers to affiliates for tax or similar planning purposes, provided that the transferee(s) sign a similar lock-up agreement. The sale of a substantial number of such securities, or the perception in the market that holders of a large number of securities intend to sell securities, could reduce the market price of the Subordinate Voting Shares and could impair the Corporation's ability to raise capital through the sale of additional equity securities. The effect of any such sales on the prevailing market price of the Subordinate Voting Shares is not predictable. See "*Securities Subject to Contractual Restriction on Transfer*" for further details.

Negative Cash Flow from Operating Activities

The Corporation has incurred operating losses in recent periods. The Corporation may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Corporation expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Corporation's revenues do not increase to offset its costs and operating expenses or if the Corporation is unable to raise financing to fund capital or operating expenditures or acquisitions, it could limit its growth and may have a material adverse effect upon the Corporation's business, financial condition, cash flows, results of operations or prospects.

Risks Associated with the Business of the Corporation

U.S. Federal Regulation

The Corporation could be found to be violating laws related to medical cannabis.

Currently, there are 33 states plus the District of Columbia, Puerto Rico and Guam that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. Other states are considering similar legislation. Conversely, under the CSA, the policies and regulations of the federal government and its agencies are that cannabis has no proven medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. Unless and until Congress amends the CSA with respect to medical cannabis, as to the timing or scope of any such amendments there can be no assurance, there is a risk that federal authorities may enforce current U.S. federal law. The risk of strict enforcement of the CSA in light of Congressional activity, judicial holdings, and stated federal policy remains uncertain. This would cause a direct and adverse effect on the Corporation's subsidiaries' businesses, or intended businesses, and on its revenue and prospective profits.

Marijuana is a Schedule-I controlled substance and is illegal under U.S. federal law. Even in those States in which the use of marijuana has been legalized, its use remains a violation of U.S. federal law. Since U.S. federal law criminalizing the use of marijuana pre-empts State laws that legalize its use, strict enforcement of U.S. federal law regarding marijuana would likely result in the Corporation's inability to proceed with its business plan.

Laws and regulations affecting the medical marijuana industry are constantly changing, which could detrimentally affect the proposed operations of the Corporation.

Local, state, and U.S. federal medical marijuana laws and regulations are broad in scope and subject to evolving interpretations, which could require the Corporation to incur substantial costs associated with compliance or alter certain aspects of its business plan. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Corporation's business plan and result in a material adverse effect on certain aspects of its planned operations. In addition, it is possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Corporation's business. No prediction can be made as to the nature of any future laws, regulations, interpretations or applications, nor can it be determined what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

Notwithstanding the permissive regulatory environment of medical marijuana at the state level, marijuana continues to be categorized as a controlled substance under the CSA. Under the CSA, the policies and regulations of the U.S. federal government and its agencies are that cannabis has no "**proven**" medical benefits. Unless and until Congress amends the CSA with respect to medical marijuana, as to the timing or scope of any such potential amendments there can be no assurance, there is a risk that U.S. federal authorities may enforce current U.S. federal law, and we may be deemed to be producing, cultivating, or dispensing marijuana in violation of U.S. federal law with respect to the Corporation's current or proposed business operations, or the Corporation may be deemed to be facilitating the sale or distribution of drug paraphernalia in violation of U.S. federal law. A change in the U.S. federal government's approach to begin more active enforcement of cannabis may adversely affect our revenues and profits. The risk of strict enforcement of the CSA in light of Congressional activity, judicial holdings, and stated U.S. federal policy remains uncertain.

Risk of U.S. Federal Law Proceedings Against the Corporation

Potential proceedings under U.S. federal law could involve significant restrictions being imposed upon the Corporation or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition as well as the Corporation's reputation, even if such proceedings were concluded successfully in favour of the Corporation. In the extreme case, such proceedings could ultimately involve the prosecution of key executives of the Corporation or the seizure of corporate assets. However, as of the date hereof, the Corporation has obtained legal advice in respect thereof that proceedings of this nature have historically been sufficiently uncommon to be characterized as remote absent a shift by federal authorities to a more aggressive enforcement approach. The Corporation has also received advice from its legal counsel regarding the potential exposure and implications arising from U.S. federal law generally. As the legal landscape at both the U.S. federal level and the state level is evolving, all such legal advice is historical in nature, and is only effective up to the date such advice was received.

Following the issuance of the Sessions Memo and the Barr Comments, the Corporation continues to look to the guidelines of the Cole Memo as an industry best practice and continues to do the following to ensure compliance with the Cole Memo:

- ensuring the operations of its subsidiaries are compliant with all licensing requirements that are set forth with regards to cannabis operation by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions. To this end, the Corporation retains appropriately experienced legal counsel and other professionals to conduct the necessary due diligence to ensure compliance of such operations with all applicable;

- the activities relating to the cannabis business adhere to the scope of the licensing obtained. Accordingly, in the states where only medical cannabis is permitted, the products are only sold to patients who hold the necessary documentation to permit the possession of the cannabis; and in the states where cannabis

is permitted for adult recreational use, the products are only sold to individuals who meet the requisite age requirements;

- the Corporation only works through licensed operators, which must pass a range of requirements, adhere to strict business practice standards and be subjected to strict regulatory oversight whereby sufficient checks and balances ensure that no revenue is distributed to criminal enterprises, gangs and cartels; and

- the Corporation conducts reviews of products and product packaging to ensure that the products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

The Corporation will continue to monitor compliance on an ongoing basis in accordance with its compliance program and standard operating procedures. While the Corporation's operations are in full compliance with all applicable state laws, regulations and licensing requirements, such activities remain illegal under U.S. federal law. For the reasons described above and the risks further described below, there are significant risks associated with the business of the Corporation.

Risks Associated with the Arrangement

The Corporation Could Fail to Complete the Arrangement or the Arrangement May Be Completed On Different Terms

There can be no assurance that the Arrangement will be completed, or if completed, that it will be completed on the same or similar terms to those set out in the arrangement agreement. The completion of the Arrangement is subject to the satisfaction of a number of conditions which include, among others: (i) obtaining necessary approvals; and (ii) performance by the Corporation and Origin House of their respective obligations and covenants in the arrangement agreement.

In addition, if the Arrangement is not completed, the ongoing business of the Corporation may be adversely affected as a result of the costs (including opportunity costs) incurred in respect of pursuing the Arrangement, and the Corporation could experience negative reactions from the financial markets, which could cause a decrease in the market price of the Corporation's securities, particularly if the market price reflects market assumptions that the Arrangement will be completed or completed on certain terms. The Corporation may also experience negative reactions from its customers and employees and there could be a negative impact on the Corporation's ability to attract future acquisition opportunities. Failure to complete the Arrangement or a change in the terms of the Arrangement could each have a material adverse effect on the Corporation's business, financial condition and results of operations.

Regulatory Approvals May Have Material Adverse Effects on the Arrangement, the Corporation and/or Origin House

The Arrangement is conditional upon, among other things, the receipt of certain regulatory approvals. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms, covenants or conditions on such approvals, could have a material adverse effect on each of Origin House and the Corporation's ability to complete the Arrangement and on their business, financial condition, operations, assets or future prospects. Delays in receiving the regulatory approvals may substantially hinder and delay the consummation of the Arrangement and give rise to Origin House and the Corporation's right to terminate the arrangement agreement. More specifically, in order to obtain the regulatory approvals, it may be necessary for Origin House and/or the Corporation to provide certain other covenants or agreements to the regulatory authorities and there can be no assurance as to which such covenants or agreements that may be required.

Anticipated Benefits May Not Occur

The combined company may fail to realize growth opportunities and synergies currently anticipated due to, among other things, challenges associated with integrating the operations and personnel of the Corporation and Origin House and the ability of the combined company to attract capital.

Risks Associated with the Corporation's Acquisition Strategy

The Corporation Could Fail to Complete its Proposed or Contemplated Acquisitions or They May Be Completed On Different Terms

There can be no assurances that any of the Corporation's proposed or contemplated acquisitions will be completed or that they will be completed on the same or similar terms currently contemplated by the Corporation. In addition, if the proposed or contemplated acquisitions are not completed, the ongoing business of the Corporation may be adversely affected as a results of the costs (including opportunity costs) incurred in respect of pursuing potential acquisitions. Failure to complete the Corporation's proposed or contemplated acquisitions could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Anticipated Benefits of Acquisition Strategy May Not Occur

The Corporation's acquisition strategy may result in the Corporation failing to realize the growth opportunities and synergies currently anticipated due to, among other things, challenges associated with integration the operations and personnel of the Corporation with potential acquisition targets and the ability of the combined company to attract capital.

EXEMPTION

Pursuant to a decision of the Autorité des marchés financiers dated June 20, 2019, the Corporation was granted a permanent exemption from the requirement to translate into French this Prospectus as well as the documents incorporated by reference therein and any Prospectus Supplement to be filed in relation to any future "at-the-market" distribution. This exemption is granted on the condition that this Prospectus and any Prospectus Supplement (other than in relation to an "at-the-market" distribution) be translated into French if the Corporation offers Securities to Québec purchasers in connection with an offering other than in relation to an "at-the-market" distribution.

LEGAL MATTERS

Unless otherwise specified in the Prospectus Supplement relating to an offering of Securities, certain legal matters relating to the offering of Securities will be passed upon on behalf of the Corporation by Bennett Jones LLP with respect to matters of Canadian law. As of the date hereof, Bennett Jones LLP, and its partners and associates, beneficially own, directly or indirectly, as a group, less than 1% of any class of outstanding securities of the Corporation, Cresco Corp. and the LLC.

AUDITORS, TRANSFER AGENT AND REGISTRAR

MNP LLP is the auditor of the Corporation and has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations. MNP LLP and FGMK LLC have performed the audits in respect of certain financial statements incorporated by reference herein or attached hereto. As of the date hereof, MNP LLP, and its partners and associates, and FGMK LLC, and its partners and associates, beneficially own, directly or indirectly, in their respective groups, less than 1% of any class of outstanding securities of the Corporation, Cresco Corp. and the LLC.

The transfer agent and registrar for the Subordinate Voting Shares is Odyssey Trust Company at its principal offices in Calgary, Alberta.

UNDERTAKING

As a condition to the issuance of a receipt of the British Columbia Securities Commission, as principal regulator of the Corporation, for this Prospectus, the Corporation will file with the applicable securities commissions or similar regulatory authorities in Canada an undertaking that it shall file with the applicable securities commissions or similar regulatory authorities in Canada, during the currency of this Prospectus and so long as the certifications therein are able to be made, at least every 90 days after the date of such receipt for this Prospectus a certificate certifying among other things the following matters and that it shall not distribute any securities under this Prospectus if such a certificate

has not been so filed on or after the day that is 90 days prior to the date of the applicable Prospectus Supplement. Each such periodic certificate shall certify among other things that since the date of this Prospectus or the last such certificate, as applicable: (i) no material adverse changes have occurred to the United States federal laws and regulations respecting cannabis nor to the existing published statements of the United States federal government or any agency thereof regarding the approach to the enforcement of United States federal laws and regulations respecting cannabis which would reasonably be expected to result in a material adverse change in the business, operations or affairs of the Corporation; and (ii) the Corporation has not been made aware and does not have any knowledge of any enforcement of United States federal laws and regulations respecting cannabis in the states where the Corporation has cannabis operations that is inconsistent with existing published statements of the United States federal government and its agencies regarding the approach to the enforcement of United States federal laws and regulations respecting cannabis which would reasonably be expected to result in a material adverse change in the business, operations or affairs of the Corporation.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

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

In an offering of Debt Securities, Subscription Receipts, Warrants and Units which are convertible, exchangeable or exercisable for other securities of the Corporation, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in this Prospectus, the relevant Prospectus Supplement or an amendment thereto is limited, in certain provincial and territorial securities legislation, to the price at which the Debt Securities, Subscription Receipts, Warrants and Units which are convertible, exchangeable or exercisable for other securities of the Corporation are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon conversion, exchange or exercise of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of this right of action for damages, or consult with a legal adviser.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

The directors, chief executive officer and chief financial officer of the Corporation, being Charles Bachtell, Joe Caltabiano, Ken Amann, Dominic A. Sergi, Brian McCormack, Robert M. Sampson, John R. Walter, Gerald Corcoran, Thomas Manning and Randy Podolsky reside outside of Canada and each has appointed Bennett Jones LLP, Suite 3400, One First Canadian Place, P.O. Box 130, Toronto, Ontario M5X 1A4, as his or her agent for service of process in Canada. FGMK, LLC, the auditor in respect of the audited financial statements of Cresco Labs LLC for

the years ended January 31, 2018 and 2017, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, even if the party has appointed an agent for service of process.

APPENDIX A
UNAUDITED *PRO FORMA* FINANCIAL STATEMENTS OF CRESCO LABS GIVING EFFECT TO THE ORIGIN HOUSE ACQUISITION

See attached.

***Pro Forma* Consolidated Statement of Financial Position**

As at March 31, 2019 - Unaudited

	Cresco Labs Inc.	Origin House	NY	Hope Heal Health	VidaCann	Pro Forma Adjustments	Notes	Pro Forma Consolidated
Expressed in Canadian Dollars								
Assets								
Current assets								
Cash and cash equivalents	141,768,102	39,252,543	4,399,923	3,992,696	2,563,840	(143,919,510)	5 (a)	48,057,594
Accounts receivable	7,128,172	4,954,184	-	11,773	6,927	-		12,101,056
Biological assets	20,350,280	760,711	-	-	-	-		21,110,991
Inventory	47,961,060	13,600,581	-	-	1,739,464	-		63,301,105
Other current assets	27,823,142	10,089,610	933,702	750,399	6,617,509	-		46,214,363
	245,030,756	**68,657,629**	**5,333,625**	**4,754,868**	**10,927,740**	**(143,919,510)**		**190,785,108**
Property and equipment	67,914,665	16,600,797	6,128,429	11,131,538	4,886,387	-		106,661,817
Intangible assets and goodwill	101,698,637	141,245,741	-	-	2,826,184	1,194,275,461	5 (b)	1,440,046,023
Investments	588,417	20,581,294	-	-	-	-		21,169,711
Other non-current assets	69,321,446	22,326,864	-	-	1,458,020	-		93,106,330
Other Deposits	-	-	311,803	-	48,282	-		360,085
Security deposits	1,916,540	-	107,007	3,585	78,640	-		2,105,772
	486,470,462	**269,412,325**	**11,880,864**	**15,889,991**	**20,225,253**	**1,050,355,951**		**1,854,234,846**
Liabilities								
Current liabilities								
Accounts payable	18,628,802	13,532,698	28,026	-	-	-		32,189,527
Warrant liability	-	-	-	-	-	9,380,826	5 (c)	9,380,826
Loans and advances	-	-	-	-	-	-		-
Purchase consideration payable - current	18,196,938	692,553	-	-	-	-		18,889,491
Contingent consideration - current	-	-	-	-	-	-		-
Other liabilities	8,050,026	17,624,548	4,844,142	5,581,613	344,585	-		36,444,914
Convertible debt - current	-	136,637	-	-	-	-		136,637
Lease obligation - current		1,739,791	-	-	-	-		1,739,791
Current tax liability	4,605,829	507,199	-	-	-	-		5,113,028
Notes payable	-	-	-	10,515,778	110,393	-		10,626,171
Due to related parties	-	-	-	-	1,593,186	-		1,593,186
	49,481,596	**34,233,426**	**4,872,169**	**16,097,391**	**2,048,164**	**9,380,826**		**116,113,572**
Contingent consideration	4,193,657	-	-	-	-	-		4,193,657
Non-Current Liabilities	62,205,080	35,590,160	-	-	-	(5,110,973)	5 (d)	92,684,267
	115,880,333	**69,823,586**	**4,872,169**	**16,097,391**	**2,048,164**	**4,269,853**		**212,991,496**
Shareholders' Equity								
Capital stock	216,350,494	202,011,284	7,008,696	2,216,588	20,864,130	1,067,687,822	5 (e)	1,516,139,014
Share subscription and contingent shares	-	35,121,444	-	-	-	(35,121,444)	5 (f)	-
Reserves	-	21,790	-	-	-	(21,790)	5 (g)	-
Contributed surplus	20,602,278	12,253,573	-	-	-	(3,491,547)	5 (h)	29,364,304
Accumulated other comprehensive income (lo	1,920,479	2,638,482	-	-	-	(2,638,482)	5 (i)	1,920,479
Deficit	(79,711,125)	(52,479,370)	-	(2,423,988)	(2,687,041)	19,671,539	5 (j)	(117,629,985)
Non-controlling interest	211,428,002	21,536	-	-	-	-		211,449,538
	370,590,128	**199,588,739**	**7,008,696**	**(207,400)**	**18,177,089**	**1,046,086,098**		**1,641,243,350**
	486,470,462	**269,412,325**	**11,880,864**	**15,889,991**	**20,225,253**	**1,050,355,951**		**1,854,234,846**

See accompanying notes to the unaudited pro forma consolidated financial statements

Cresco Labs Inc.

***Pro Forma* Consolidated Statement of Loss**

For the 3 months ended March 31, 2019 - Unaudited

Expressed in Canadian Dollars	Origin House	Cresco Labs Inc.	NY	Hope Heal Health	VidaCann	Pro Forma Adjustments	Notes	Pro Forma Consolidated
Revenue	11,161,161	27,992,898	299,574	150,022	1,042,808	-		40,646,463
Cost of sales	(9,644,386)	(19,564,669)	(183,491)	(7,143)	(344,540)	-		(29,744,229)
Operational Gross Margin, excluding fair value items	1,516,775	8,428,229	116,083	142,879	698,268	-		**10,902,234**
GM%, excluding fair value items	13.6%	30.1%	38.7%	95.2%	67.0%			**26.8%**
Realized fair value amounts of inventory sold	(971,143)	(21,131,468)	-	-	-	-		(22,102,611)
Unrealized fair value gain on growth of biological assets	1,107,095	26,863,877	-	-	-	-		27,970,972
Gross margin	1,652,727	14,160,638	116,083	142,879	698,268	-		**16,770,595**
GM%	14.8%	50.6%	38.7%	95.2%	67.0%			**41.3%**
Operating Expenses	18,230,434	23,593,134	1,109,068	1,398,545	2,919,363	37,918,860	5 (j)	85,169,404
Operating Income (Loss)	(16,577,707)	(9,432,496)	(992,985)	(1,255,666)	(2,221,095)	(37,918,860)		**(68,398,809)**
Other Income (Loss) and Provision for Income Taxes	(856,573)	(688,228)	(50,641)	-	1,576,764	-		(18,678)
Net loss for the period	(17,434,280)	(10,120,724)	(1,043,626)	(1,255,666)	(644,331)	(37,918,860)		**(68,417,487)**
Number of shares (Note 6)								**361,990,880**
Pro forma loss per share								**(0.19)**

See accompanying notes to the unaudited pro forma consolidated financial statements

Cresco Labs Inc.
Notes to the *Pro Forma* Consolidated Financial Statements for March 31, 2019
(Unaudited - expressed in Canadian dollars)

1. Basis of Presentation

The unaudited pro forma consolidated statement of financial position and pro forma consolidated statement of loss of Cresco Labs Inc. (the "Company") at March 31, 2019 (the "Pro Forma Financial Statements") has been prepared by management based on historical financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), for illustrative purposes only, after giving effect to the proposed Transaction Agreement's between the Company and CannaRoyalty Corp. d/b/a Origin House ("Origin House"), Valley Agriceuticals ("NY"), Hope Heal Health, Inc. ("HHH"), VidaCann Ltd ("VidaCann"). The effects of the proposed Transaction Agreement's have been prepared based on the assumptions, estimations and adjustments described in notes 2, 3, 4, and 5.

The unaudited pro forma consolidated statement of financial position has been prepared to give the effect that the Transaction's had taken place on March 31, 2019. This unaudited pro forma consolidated statement of financial position has been derived from:

a) the unaudited consolidated statement of financial position of the Company as at March 31, 2019;
b) the unaudited consolidated statement of financial position of Origin House as at March 31, 2019;
c) the unaudited consolidated statement of financial position of NY as at March 31, 2019;
d) the unaudited consolidated statement of financial position of HHH as at March 31, 2019;
e) the unaudited consolidated statement of financial position of VidaCann as at March 31, 2019;

The unaudited pro forma consolidated statement of loss has been prepared to give the effect that the Transaction's had taken place at the beginning of the financial period ended March 31, 2019. This unaudited pro forma consolidated statement of loss has been derived from:

a) the unaudited consolidated statement of loss of the Company for the period ended March 31, 2019;
b) the unaudited consolidated statement of loss of Origin House for the period ended March 31, 2019;
c) the unaudited consolidated statement of loss of NY for the period ended March 31, 2019;
d) the unaudited consolidated statement of loss of HHH for the period ended March 31, 2019;
e) the unaudited consolidated statement of loss of VidaCann for the period ended March 31, 2019;

Unless otherwise noted, the unaudited pro forma consolidated statements of financial position and unaudited pro forma consolidated statements of loss and the accompanying notes are presented in Canadian dollars.

It is management's opinion that the unaudited Pro Forma Financial Statements, include all adjustments necessary for the fair presentation, in all material respects, of the transactions described in notes 3 and 4 in accordance with IFRS, applied on a basis consistent with the Company's accounting policies, except as otherwise noted. The unaudited Pro Forma Financial Statements are not necessarily indicative of the financial position that would have resulted if the combinations had actually occurred on March 31, 2019 and are not necessarily indicative of the financial performance that would have resulted if the combinations had actually occurred during the period. The unaudited Pro Forma Financial Statements should be read in conjunction with the historical statements and notes thereto of the Company, Origin House, NY, HHH, VidaCann.

2. Significant accounting policies

The unaudited Pro Forma Financial Statements have been compiled using the significant accounting polices, as set out in the unaudited consolidated financial statements of the Company as at and for the period ended March 31, 2019. Management has determined that no material pro forma adjustments are necessary to conform Origin House, NY, HHH, VidaCann, to the accounting policies used by the Company in the preparation of its Pro Forma Financial Statements.

3. The Transactions

a) Origin House

On April 1, 2019, the Company and Origin House entered into a Transaction Agreement pursuant to which the Company will acquire all of the issued and outstanding shares of Origin House.

Under the terms of the Agreement, holders of common shares of Origin House will receive 0.8428 subordinate voting shares of the Company for each Origin House Share. As of the date of the Agreement, the Origin House shareholders will receive 73,285,816 in Company shares valued at $1.103B, 782,961 replacement options of the Company will be issued valued at $8.8M. After removing the effect of post-acquisition compensation of $4.5M, the total consideration is expected to be $1.107B.

3. The Transactions *(Continued)*

b) NY

On October 24, 2018, the Company and NY entered into a Transaction Agreement pursuant to which the Company will acquire all of the ownership interests or assets of NY.

Under the terms of the Agreement, NY shareholders will receive $43.4M cash consideration, 4,312,022 in Company shares valued at $67.5M and 4,000,000 share purchase warrants valued at $9.4M.

c) HHH

On December 6, 2018, the Company and HHH entered into a Transaction Agreement to acquire all of the outstanding shares and membership interests of HHH.

Under the terms of the Agreement, HHH shareholders will receive $36.1M in cash consideration.

d) VidaCann

On March 18, 2019, the Company and VidaCann entered into a Transaction Agreement pursuant to which the Company will acquire all of the ownership interests or assets of VidaCann.

Under the terms of the Agreement, VidaCann shareholders will receive $133.6M in cash consideration and 1,707,732 in Company shares valued at $26.7M.

4. Estimated Preliminary Purchase Price Allocation

The unaudited pro forma consolidated financial information includes various assumptions, including those related to the preliminary purchase price allocation of the assets acquired and liabilities assumed of Origin House, NY, HHH, VidaCann, and ("Acquired Companies") based on management's best estimates of fair value. The final purchase price allocation may vary based on final appraisals, valuations and analyses of the fair value of the acquired assets and assumed liabilities. Accordingly, the unaudited pro forma adjustments are preliminary and have been made solely for illustrative purposes.

The Acquisitions will be accounted for as a business combination under *IFRS 3 Business Combinations* ("IFRS 3"). The pro forma consolidated financial information represents the effect of purchase accounting based on a preliminary assessment and allocation of the purchase price for the Acquired Companies business to the acquired identifiable assets, liabilities assumed and pro forma goodwill.

Biological assets are measured at fair value less cost to sell while investments are measured at fair value through profit and loss. Inventory is measured at the lower of cost and fair value less cost to sell. As such, the carrying value of these assets is an approximation of the fair value at the balance sheet date. Purchase consideration payable and convertible debt are measured at fair value on initial recognition and subsequently measured at amortized cost accreting to the face value. Contingent consideration is measured at fair value through profit and loss.

The fair value of cash and cash equivalents, accounts receivable, other current assets, other non-current assets, other deposits, security deposits, accounts payable, loans and advances, other liabilities, convertible debt, notes payable, due to related parties, and non-current liabilities was presumed by management to materially approximate their respective carrying book values as of March 31, 2019, in order to prepare the unaudited pro forma consolidated financial data.

There has been no determination as to the fair value of property and equipment and intangible assets to be acquired on the unaudited pro forma consolidated statement of financial position of the Company based on information received to date. As such, the historical carrying value has been used in the preliminary purchase price allocation reflected in the unaudited pro forma consolidated statement of financial position. This assertion remains contingent upon receiving additional information and performing procedures to calculate the fair value of property and equipment and intangible assets. No adjustment was made to the unaudited pro forma consolidated statements of loss, but any difference between the fair value and the historical carrying value would have a direct impact to future net loss through an increase or a decrease in depreciation or amortization expense depending on whether a fair value gain or loss is determined.

The pro forma purchase price is subject to change based on the finalization of purchase price adjustments and completion of management's assessment of the fair values of the assets and liabilities acquired. Due to the timing of the announcements of the Acquisitions, the Company has not yet obtained sufficient information to accurately determine the fair market value of Acquired Companies net assets by category and has therefore allocated the March 31, 2019 book values of the net assets acquired as a proxy of fair value. Goodwill represents the amount by which the purchase price exceeds the book value, being a proxy of fair value of the assets acquired and liabilities assumed. The final calculation and allocation of the purchase price will be based on the net assets purchased as of the closing date of the Acquisition and other information available at that time. There may be material differences from this pro forma purchase price allocation as a result of finalizing the valuation. Based on management's preliminary estimates, the goodwill may be allocated to other items such as certain identified intangible assets.

4. Estimated Preliminary Purchase Price Allocation *(Continued)*

Expressed in Canadian Dollars	Origin House	NY	HHH	VidaCann	Total
Purchase Consideration					
Cash Consideration	-	43,429,750	36,080,100	133,630,000	213,139,850
Share Consideration	1,107,202,195	67,483,150	-	26,726,000	1,201,411,345
Other consideration	-	9,380,826	-	-	9,380,826
Settlement of pre-existing amounts	-	-	-	-	-
Total Purchase Consideration	**1,107,202,195**	**120,293,726**	**36,080,100**	**160,356,000**	**1,423,932,021**
Net assets acquired	204,678,176	7,008,696	(207,400)	18,177,089	229,656,561
Goodwill	902,524,019	113,285,030	36,287,500	142,178,911	1,194,275,461
Total purchase price	**1,107,202,195**	**120,293,726**	**36,080,100**	**160,356,000**	**1,423,932,021**
The fair value of the identifiable net assets acquired include the following breakdown:					
Current assets					
Cash and cash equivalents	39,252,543	4,399,923	3,992,696	2,563,840	50,209,002
Accounts receivable	4,954,184	-	11,773	6,927	4,972,884
Biological assets	760,711	-	-	-	760,711
Inventory	13,600,581	-	-	1,739,464	15,340,045
Other current assets	10,089,610	933,702	750,399	6,617,509	18,391,220
	68,657,629	5,333,625	4,754,868	10,927,740	89,673,862
Property and equipment	16,600,797	6,128,429	11,131,538	4,886,387	38,747,151
Intangible assets and goodwill	141,245,741	-	-	2,826,184	144,071,925
Investments	20,581,294	-	-	-	20,581,294
Other non-current assets	22,326,864	-	-	1,458,020	23,784,884
Other Deposits	-	311,803	-	48,282	360,085
Security deposits	-	107,007	3,585	78,640	189,232
Total assets acquired	**269,412,325**	**11,880,864**	**15,889,991**	**20,225,253**	**317,408,433**
Current liabilities					
Accounts payable	13,532,698	28,026	-	-	13,560,724
Purchase consideration payable	692,553	-	-	-	692,553
Contingent consideration	(5,110,973)	-	-	-	(5,110,973)
Other liabilities	17,624,548	4,844,142	5,581,613	344,585	28,394,888
Convertible debt - current	136,637	-	-	-	136,637
Lease obligation - current	1,739,791	-	-	-	1,739,791
Current tax liability	507,199	-	-	-	507,199
Notes payable	-	-	10,515,778	110,393	10,626,171
Due to related parties	-	-	-	1,593,186	1,593,186
	29,122,453	4,872,169	16,097,391	2,048,164	52,140,177
Non-Current Liabilities	35,590,160	-	-	-	35,590,160
Total liabilities assumed	**64,712,613**	**4,872,169**	**16,097,391**	**2,048,164**	**87,730,337**
Non-controlling interest	(21,536)				
Net assets acquired	**204,678,176**	**7,008,696**	**(207,400)**	**18,177,089**	**229,678,097**

In accordance with IFRS 3, equity securities issued as the consideration transferred will be measured on the closing date of the Acquisition at fair value reflecting the then-current market price. Accordingly, it is reasonable to expect that the Company share price on closing of the Acquisitions may differ from the common share price used in these pro forma financial statements. A change in the Company share price of 10% will result in an increase or decrease to the estimate of purchase consideration totaling approximately $120.0M with a corresponding increase or decrease to goodwill.

5. *Pro Forma* Adjustments

The following adjustments and assumptions have been reflected in the unaudited pro forma Consolidated Financial Statements:

a) Cash and cash equivalents:

The pro forma net adjustment of $(143.9M) consists of the following:

- Increase in cash of $102.6M for concurrent financing and a corresponding increase in share capital for the same amount representing expected net proceeds following the issuance of 12,624,054 Subordinate Voting Shares of the Company. Net cash proceeds include agent commissions of $9.6M which have been allocated against share capital as the transaction costs directly relate to the issuance of equity instruments.
- Decrease in cash of $43.4M for cash consideration paid on acquisition of NY (Note 4)
- Decrease in cash of $36.1M for cash consideration paid on acquisition of HHH (Note 4)
- Decrease in cash of $133.6M for cash consideration paid on acquisition of VidaCann (Note 4)
- Decrease in cash of $33.4M for transaction costs relating to the acquisitions of Origin House, NY, HHH, and VidaCann

b) Intangibles and goodwill:

The pro forma adjustment reflects the preliminary estimate of intangibles and goodwill, which represents the excess of the purchase price over the fair value of Acquisitions' identifiable assets acquired and liabilities assumed as shown in Note 4.

c) Warrant liability:

The pro forma adjustment reflects the estimated fair value of warrants issued as consideration on NY acquisition (Note 4).

d) Non-Current Liabilities

The pro forma net adjustment of $5.1M for 180 Smoke (a wholly owned subsidiary of Origin House) contingent consideration, payment for which accelerates upon a change of control an is therefore not assumed by the Company upon acquisition of Origin House.

The pro forma adjustment reflects the estimated fair value of warrants issued as consideration on NY acquisition (Note 4).

e) Capital stock

The pro forma net adjustment of $1.07B consists of the following:

- A reduction of $232.1M to eliminate, Origin House, NY, HHH, and VidaCann's share capital.
- An increase of $102.6M for concurrent financing representing expected net proceeds following the issuance of 12,624,054 Subordinate Voting Shares of the Company (Note 5(a)).
- An increase of $1.1B for share consideration paid by the Company on acquisition of Origin House (Note 4, Note 6)
- An increase of $67.5M for share consideration paid by the Company on acquisition of NY (Note 4, Note 6)
- An increase of $26.7M for share consideration paid by the Company on acquisition of VidaCann (Note 4, Note 6)

f) Share subscription and contingent shares:

The pro forma adjustment $35.1M reflects the elimination of Origin House Share subscription and contingent shares. Unissued subscription and contingent shares are fair valued and are classified as contingent consideration in liabilities on acquisition (Note 5(e)).

g) Reserves

The pro forma adjustment reflects the elimination of Origin House warrant reserve.

h) Contributed surplus:

The pro forma net adjustment of $3.5M consists of elimination of Origin House contributed surplus of $12.3M and $8.8M increase for issuance by the Company of 782,961 Replacement Options on acquisition of Origin House.

5. *Pro Forma* Adjustments *(Continued)*

In accordance with the Transaction Agreement, the consideration for the Origin House acquisition includes all of Origin House's outstanding options and will be exchanged for Replacement Options exercisable at the same exercise price for the Company options. The 782,961 Replacement Options have been revalued at $8.8M. The Black-Scholes option pricing model was used to determine the fair value of Replacement Options as of the date of the Transaction Agreement. In re-valuing the Replacement Options, there is a resulting impact on deficit of $2.8M, which is considered to be post-acquisition compensation.

In accordance with the Transaction Agreement, the consideration for the Origin House acquisition includes the Restricted Share Units (RSUs) accelerate upon the close of the transaction, and accordingly the units are eliminated upon acquisition and are Company shares are issued instead. In re-valuing the RSUs, there is a resulting impact on deficit of $1.7M, which is considered to be post-acquisition compensation.

i) Accumulated other comprehensive income (loss)

An adjustment of $2.6M to eliminate Origin House.

j) Accumulated Deficit

		Amount
The Company's deficit	$	79,711,125
Origin House's deficit (Pro forma financial statements)		52,479,370
NY's deficit (Pro forma financial statements)		-
HHH's deficit (Pro forma financial statements)		2,423,988
VidaCann's deficit (Pro forma financial statements)		2,687,041
Elimination of OH's, NY's, HHH's, and VidaCann's net deficit		(57,590,399)
Transaction costs (Note 5(a))		33,407,500
Issuance of stock options (Note 5(h))		2,806,294
Expedited vesting of restricted share units (Note 5(h))		1,705,066
Pro forma deficit - December 31, 2018	$	117,629,985

		Amount
Elimination of OH's, NY's, HHH's, and VidaCann's net deficit		(57,590,399)
Transaction costs (Note 5(a))		33,407,500
Issuance of stock options (Note 5(h))		2,806,294
Expedited vesting of restricted share units (Note 5(h))		1,705,066
Adjustment to pro forma deficit	$	(19,671,539)

Where an adjustment presented above has required the use of the current share price, the closing share price as at the date of Transaction Agreement has been assumed. Where an adjustment has required conversion from foreign currency to CAD the applicable historical exchange rate as published by the Bank of Canada website has been used.

6. *Pro Forma* share capital

	Number		Amount
The Company's common shares outstanding - March 31, 2019	270,061,256	$	216,350,494
Consideration transferred to shareholders of Origin House (note 3(a))	73,285,816	$	1,102,951,530
Consideration transferred to shareholders of NY (note 3(b))	4,312,022	$	67,483,150
Consideration transferred to shareholders of VidaCann (note 3(d))	1,707,732	$	26,726,000
Shares to be issued pursuant to the concurrent financing in (note 5(a))	12,624,054	$	102,627,840
Pro forma share capital - March 31, 2019	361,990,880	$	1,516,139,014

7. *Pro Forma* stock options

	Weighted average remaining life (years)	Number outstanding	Number vested		Exercise price (CAD$)
The Company's options	8.7	20,029,500	4,423,767	$	2.04
Company options issued (note 4(i))	8.6	782,961	358,822	$	4.19
Pro forma stock options - March 31, 2019		20,812,461	4,782,589		

CERTIFICATE OF THE CORPORATION

Dated: July 25, 2019

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

(signed) "*Charles Bachtell*"
Charles Bachtell
Chief Executive Officer

(signed) "*Ken Amann*"
Ken Amann
Chief Financial Officer

On behalf of the Board of Directors

(signed) "*Joseph Caltabiano*"
Joseph Caltabiano
President and Director

(signed) "*Dominic Sergi*"
Dominic Sergi
Director