

CORDOVACANN CORP.



Annual Information Form

November 5, 2018

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1. ABOUT THIS ANNUAL INFORMATION FORM

1.1 General

Unless otherwise indicated:

- (i) all capitalized terms not otherwise defined in this Annual Information Form (the “AIF”) have the meanings ascribed thereto in “Section 18 – Glossary”;
- (ii) “CordovaCann” or the “Issuer” refers to CordovaCann Corp. and its subsidiaries;
- (iii) except where otherwise indicated, all references to dollar amounts and “\$” are to Canadian currency;
- (iv) any statements in this AIF made by or on behalf of management are made in such persons’ capacities as officers of the Issuer and not in their personal capacities; and
- (v) all information in this AIF is stated as at November 5, 2018, unless otherwise indicated.

1.2 Cautionary Statement Regarding Forward-Looking Statements

The information provided in this AIF, including schedules and information incorporated by reference, may contain “forward-looking statements” about the Issuer. In addition, the Issuer may make or approve certain statements in future filings with securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Issuer that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Issuer that address activities, events or developments that the Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information available at such time and on the then current expectations of the Issuer and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the available funds of the Issuer and the anticipated use of such funds;
- the availability of financing opportunities, legal and regulatory risks inherent in the cannabis industry (and, in particular, risks inherent in the United States regulatory system), risks associated with economic conditions, dependence on management and currency risk; and
- other risks described in this AIF and described from time to time in documents filed by the Issuer with securities regulatory authorities.

Consequently, all forward-looking statements made in this AIF and other documents of the Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Issuer. Readers should not place undue reliance on any forward-looking statements made in this AIF or other documents of the Issuer.

The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer and/or persons acting on its behalf may issue. CordovaCann undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation. See “*Section 4.2 – Risk Factors*”.

1.3 Market and Industry Data and Regulatory Information

This AIF includes market and industry data as well as regulatory information relevant to the Issuer’s business that has been obtained from third party sources, including industry publications. CordovaCann believes that its industry data, including estimates and assumptions, and regulatory information are accurate and reasonable. However, there is no assurance as to the accuracy or completeness of this data or information. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data and information is believed to be reliable, CordovaCann has not independently verified any of the data and information from third party sources referred to in this AIF or ascertained the underlying assumptions relied upon by such sources.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

CordovaCann is a reporting issuer in the Province of Ontario with the Issuer Shares listed for trading on the CSE under the symbol “CDVA” and the OTCQB marketplace in the United States under the symbol “LVRLF”. CordovaCann was originally named “Biolink Corp.” and was formed as a result of an amalgamation completed between “Biolink Corp.”, “1149250 Ontario Inc.” and “I.D. Investments Inc.” under the OBCA on March 18, 1997. In connection with a number of corporate reorganizations, the Issuer changed its name to “First Empire Entertainment.com Inc.”, “First Empire Corporation Inc.”, “Noble House Entertainment Inc.” and “Live Reel Media Corporation”. On October 20, 2006, the Issuer completed its continuance from the OBCA to the CBCA and concurrently changed its name from “Live Reel Media Corporation” to “LiveReel Media Corporation”. On January 3, 2018, the Issuer changed its name to its current name, “CordovaCann Corp.”

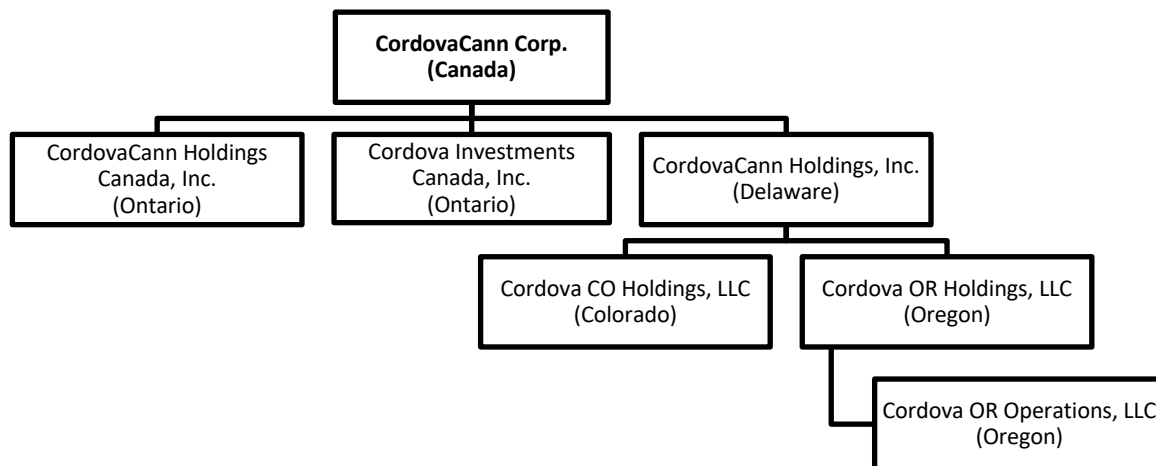
CordovaCann’s head office and registered office is located at 333 Bay Street, Suite 1700, Toronto, Ontario, M5H 2R2.

2.2 Jurisdiction of Incorporation

The Issuer was formed as a result of an amalgamation completed on March 18, 1997 under the OBCA and subsequently completed its continuance on October 20, 2006 and is currently governed under the CBCA.

2.3 Diagram of Intercorporate Relationships

The following diagram presents the corporate subsidiaries of the Issuer, all of which are wholly-owned subsidiaries (the “**Subsidiaries**”), other than Cordova OR Operations, LLC which is 27.5% owned by CordovaCann.



3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

CordovaCann is a Canadian-domiciled company focused on building a leading, diversified cannabis products business across multiple jurisdictions including Canada and the United States. CordovaCann primarily provides services and investment capital to the processing and production vertical markets of the cannabis industry. On January 3, 2018, the Issuer changed its name from LiveReel Media Corporation to CordovaCann Corp. to reflect the Issuer's new initiative in the cannabis sector. Prior to the most recent name change, the Issuer was engaged in the identification and evaluation of assets for purchase in the media, technology and consumer industries. The Issuer's registered office is 333 Bay Street, Suite 1700, Toronto, ON, M5H 2R2.

On March 10, 2015, the Issuer's Board of Directors, consisting of Michael Wekerle, Henry Kneis and Thomas Astles resigned as Directors of the Issuer and were replaced with Graham Simmonds, Ashish Kapoor and Henry J. Kloepper. Michael Wekerle resigned as Chief Executive Officer and was replaced by Graham Simmonds. Henry Kneis resigned as Chief Financial Officer and was replaced by Ashish Kapoor who was also appointed as Corporate Secretary.

On March 10, 2015, loans payable of \$200,000 with accrued interest in the amount of \$49,825 and other related party advances in the amount of \$124,822 owing to Difference Capital Financial Inc., were fully settled with the issuance of \$374,647 in related party notes payable (the "**Notes Payable**") to new entities related to the Issuer at the time of the transaction. The Notes Payable were unsecured, accrued interest at 12% per annum and were due on demand.

On September 22, 2017, Graham Simmonds resigned as Chief Executive Officer and was replaced by Thomas (Taz) M. Turner, Jr.

On September 22, 2017, \$330,966 of the Notes Payable and \$53,089 of amounts due to related parties were settled by a shareholder of the Issuer resulting in a loan due to the shareholder in the total amount of \$384,055 (the "**Shareholder Loan**"). The Shareholder Loan was unsecured, interest free and was due on demand.

On October 19, 2017, the \$384,055 owing on the Shareholder Loan was fully settled with the issuance of 7,681,110 Common Shares of the Issuer.

On November 22, 2017, the Issuer held its annual and special meeting of the shareholders (the "**Meeting**"). At the Meeting, shareholders voted in favour of all of the matters submitted before the meeting as further set out in the notice of annual and special meeting of the shareholders and management information circular, both dated October 20, 2017, which included: (i) an ordinary resolution to adopt a new rolling Option Plan not to exceed ten percent (10%) of the Common Shares of the Issuer, outstanding at the time of the granting of options; (ii) a special resolution approving the amendment of the Issuer's articles of incorporation to change the name of the Issuer to "CordovaCann Corp." or to such other name as may be approved by the Board of Directors, without further approval of the shareholders; and (iii) a special resolution authorizing the Board of Directors, in their sole and complete discretion, to authorize and effect a consolidation of all of the issued and outstanding Common Shares of the Issuer on the basis of a ratio up to five (5) pre-consolidated Common Shares for one (1) post-consolidated Common Share. The name change took effect on January 3, 2018 and the consolidation is still being reviewed by the Board of Directors.

Furthermore, at the Meeting, the shareholders elected Graham Simmonds, Henry J. Kloepper, Thomas (Taz) M. Turner, Jr., Ashish Kapoor, Nathan Nienhuis and Eric Lowy to serve as Directors of the Issuer until the next annual shareholders meeting of the Issuer.

On January 16, 2018, the Issuer incorporated CordovaCann Holdings, Inc., a wholly-owned Delaware corporation (“**CordovaCann USA**”) to act as the Issuer’s parent holding company in the United States.

On January 17, 2018, the Issuer incorporated Cordova CO Holdings, LLC, a Colorado limited liability company (“**Cordova CO**”), as a wholly-owned subsidiary of CordovaCann USA to act as the Issuer’s primary operating subsidiary in the State of Colorado.

On January 18, 2018, Cordova CO, entered into a license agreement with Clearview Industries, LLC, a Colorado limited liability company (“**Clearview Industries**”), which holds a Medical and Retail Infused Product license issued by Colorado’s Marijuana Enforcement Division. Under the terms of the license agreement, Cordova CO granted Clearview Industries a limited, non-exclusive, non-transferable license to utilize certain technology, standard operating procedures and other intellectual property of CordovaCann (the “**Intellectual Property**”) for the purpose of manufacturing, packaging and distributing cannabis infused products for consumption in the State of Colorado and in accordance with the laws of the State of Colorado. Under the license agreement, Cordova CO shall receive 29% of the gross profits generated by any products produced and sold by Clearview Industries utilizing the Intellectual Property. The license agreement has an initial term of five (5) years. Furthermore, Cordova CO has also purchased assets from Clearview Industries which Cordova CO leases back to Clearview Industries along with new additional assets under a master equipment lease, with lease payments to be received monthly. CordovaCann is in discussions to provide consulting services to Clearview Industries to assist in initiatives, including, but not limited to, production and processing facility design, product formulation and packaging consulting (the “**Consulting Services**”). On June 7, 2018, Cordova CO entered into a revolving promissory note with Clearview Industries for up to the principal sum of USD \$50,000 for working capital purposes. The revolving note is unsecured, bearing interest at 8% per annum and due twelve (12) months from the date of issuance.

On February 1, 2018, CordovaCann entered into a letter of intent with Forever Green, LLC, a Nevada limited liability company (“**Forever Green**”), which holds a Medical Marijuana Establishment license issued by the Nevada State Department of Taxation. Under the terms of the letter of intent, CordovaCann will license certain Intellectual Property to Forever Green so that Forever Green may manufacture, package, and distribute cannabis-infused end products for recreational use in the State of Nevada in accordance with state and local laws. CordovaCann will receive a royalty and/or packaging and labeling fees from the sale of products that utilize CordovaCann’s Intellectual Property. CordovaCann and Forever Green are currently in the process of negotiating definitive agreements to formalize the terms of the transaction. CordovaCann is also in discussions to provide Forever Green with financing for working capital and growth plans as well as to provide certain Consulting Services to Forever Green.

On February 26, 2018, the Issuer incorporated Cordova OR Holdings, LLC, an Oregon limited liability company (“**Cordova OR**”), as a wholly-owned subsidiary of CordovaCann USA to act as the Issuer’s primary operating subsidiary in the State of Oregon.

On March 7, 2018, CordovaCann entered into a memorandum of understanding with Humboldt Healthcare, LLC (“**Humboldt Healthcare**”), which grants CordovaCann exclusivity on a transaction to acquire a majority stake in the real estate and intellectual property assets owned by Humboldt Healthcare and utilized by Humboldt Healthcare in connection with the recreational cannabis market in the state of California (the “**Humboldt Healthcare Assets**”). The real estate is located in Humboldt County, California and would allow for over 100,000 square feet of canopy for cannabis production and processing. Under the terms of the memorandum of understanding, CordovaCann has agreed to pay Humboldt Healthcare up to USD \$100,000 for such exclusivity. This transaction would allow CordovaCann to purchase 100% of the Humboldt Healthcare Assets for USD \$8,000,000, or to purchase 51% of the Humboldt Healthcare Assets for USD \$4,080,000 with the remaining 49% interest continuing to be held by Humboldt Healthcare. If Humboldt Healthcare were to continue to hold an interest in the

Humboldt Healthcare Assets, CordovaCann and Humboldt Healthcare would contribute to and operate the Humboldt Healthcare Assets under a joint venture structure. The exclusivity period to affect the transaction shall remain in effect until the agreement is terminated by either party.

On April 3, 2018, the Issuer changed the name of its wholly-owned Ontario-based subsidiary from “LiveReel Productions Corporation” to “CordovaCann Holdings Canada, Inc.” (“**CordovaCann Canada**”) to act as the Issuer’s primary operating subsidiary in Canada.

On April 4, 2018, Cordova OR acquired a membership interest in cannabis-related assets utilized by Farms of the Future, Inc., an Oregon corporation (“**FOTF**”), which holds a Mixed Use Tier II Production License issued by the Oregon Liquor Control Commission. The assets include six (6) acres of real estate in Clackamas County, a 3,400 square foot cultivation facility and related equipment used in cannabis production utilized in connection with FOTF’s cannabis business (the “**Oregon Assets**”). Under the transaction, Cordova OR acquired a 27.5% membership interest in Cordova OR Operations, LLC (“**Cordova OR Operations**”) for USD \$400,000 and has agreed to pay an additional USD \$1,050,000 on or before April 3, 2019 to acquire the remaining 72.5% membership interest in Cordova OR Operations which has full and clear title to the Oregon Assets. Under an equipment lease and a lease agreement, Cordova OR Operations leases the Oregon Assets to FOTF, with lease payments to be received monthly. CordovaCann is in discussions to provide additional Consulting Services to FOTF. Furthermore, Cordova OR has provided advances to Cordova OR Operations to fund the purchase of additional assets that will also be utilized by FOTF to expand its operations to 36,000 square feet of cultivation and to add a processing facility on the premises. The advances are unsecured, bearing interest at 8% per annum and due twelve (12) months from the date of issuance.

On May 17, 2018, Graham Simmonds resigned as a Director of the Issuer and Thomas (Taz) M. Turner, Jr. replaced Mr. Simmonds as Chairman of the Issuer. Furthermore, the Board of Directors also appointed Nathan Nienhuis to serve as the Issuer’s Chief Operating Officer.

On September 4, 2018, the Issuer incorporated Cordova Investments Canada, Inc., a wholly-owned Ontario corporation (“**Cordova Investments Canada**”) to act as the Issuer’s parent holding company in the United States.

On September 5, 2018, the Issuer announced that it had entered into a letter of intent to acquire all of the issued and outstanding common shares of 2366607 Ontario Inc. d/b/a Alterna Medicinals Canada (“**Alterna**”) for the total purchase price of \$1,693,750 and 1,204,167 Common Shares of the Issuer, contingent upon Alterna obtaining receipt of a License to Cultivate under the Cannabis Act for Alterna’s facility in Listowel, Ontario. Furthermore, the Issuer also agreed to loan up to \$1,000,000 to Alterna to fund the required capital expenditures to advance the application process for such License to Cultivate. CordovaCann and the vendor are currently in the process of negotiating definitive agreements to formalize the terms of the transaction.

On September 18, 2018, Cordova Investments Canada entered into a letter of intent with NWN Inc. (“**NWN**”) to form a strategic partnership. This new partnership would allow CordovaCann to license from NWN industry-leading cannabinoid technology and intellectual property for use in a number of U.S. jurisdictions currently served by the Issuer. NWN is a privately-held Canadian company that is conducting research on the effects of cannabinoids to develop novel compilations and formulations of cannabis-derived products for global commercial use. NWN’s intellectual property and product development initiatives are focused on the manufacturing of consistent cannabinoid derivative products. NWN also conducts research on the genetic properties of cannabis to develop genetically differentiated cannabis plants that improve yields and enhance specific attributes of cultivated flower. Furthermore, on September 18, 2018, Cordova Investments Canada advanced \$500,000 for the purchase of 500,000 convertible preferred shares of NWN at a price of \$1.00 per preferred share. Each preferred share is

convertible into one common share of NWN, subject to appropriate adjustments for any stock splits, consolidations or other recapitalizations. The Issuer also agreed to purchase an additional 3,500,000 preferred shares at a price of \$1.00 per share on or before December 31, 2018 under the same terms and received a right of first refusal to participate in any future equity offerings of NWN. NWN is considered to be a related party by virtue of a common officer and director with CordovaCann.

On October 17, 2018, the Issuer's Board of Directors and Audit Committee requested that MNP LLP resign as the Issuer's auditor to facilitate the appointment of Marcum LLP as the Issuer's new auditor until the next annual general meeting, effective immediately on the date thereof.

On October 31, 2018, CordovaCann announced that it has agreed to acquire land and assets in Covelo, California (the "Covelo Assets") for the total purchase price of USD \$6,200,000. The Covelo Assets to be acquired include 276 acres of contiguous land parcels suitable for cannabis cultivation and an additional 14 acres of industrial-zoned contiguous land parcels that may also be utilized for cultivation. The transactions as contemplated are expected to close on or around November 30, 2018 and are subject to standard terms and conditions of transactions of this nature. In conjunction with the purchase of the Covelo Assets, CordovaCann has also exclusively engaged a team of experienced operators that have worked in the northern California cannabis market for well over a decade who will utilize the Covelo Assets for cultivation, processing, manufacturing and distribution of cannabis products.

Selected Financings

On October 19, 2017 and pursuant to a debt conversion agreement, CordovaCann issued 7,681,110 Common Shares and fully settled \$384,055 owing under the Shareholder Loan at a price of \$0.05 per Common Share.

On December 14, 2017 and in connection with a private placement, CordovaCann issued 5,532,500 Common Shares at a price of \$0.10 per Common Share for total gross proceeds of \$553,250; of which \$533,250 was received in cash and \$20,000 was received in services provided by a consultant.

On March 12, 2018 and in connection with a private placement, CordovaCann issued 890,074 Common Shares at a price of \$1.08 per Common Share for total gross proceeds of \$959,251; all of which was received in cash.

On June 12, 2018 and June 15, 2018 in connection with a private placement, CordovaCann issued 2,390,800 and 20,000 Common Shares, respectively, at a price of \$1.95 per Common Share for total gross proceeds of \$4,703,025; of which \$4,400,163 was received in cash and \$302,862 was received in services provided by consultants.

4. DESCRIBE THE BUSINESS

4.1 Narrative Description of the Business

CordovaCann is committed to assembling a premier cannabis business with a vision to becoming a worldwide industry leader. The Issuer is focused on working with leading cannabis production and processing operators in key jurisdictions that will enable CordovaCann to serve national and international markets that have legal and regulated medical and/or recreational cannabis industries. The Issuer intends to leverage its production and processing investments to establish a global multi-jurisdictional platform that delivers consistent formulations of best-of-breed brands and predictable consumer experiences.

CordovaCann has entered into strategic relationships and investments with cannabis operators in Oregon, Colorado, California, Nevada and Canada. The Issuer will provide a variety of resources and services to these respective operators including, but not limited to: capital commitments, strategic positioning, brand

development, best operating practices, access to intellectual property, administrative assistance, and general business consulting. Over the next twelve months, CordovaCann is focused on growing the operations of these strategic relationships. Moving forward, the Issuer will also seek partnerships with cannabis operators in key legal markets not currently served by CordovaCann, as well as seek to expand operations in those markets where the Issuer already has a presence. CordovaCann plans to immediately develop various end products for distribution in each of its current markets as well as to service other brands and intellectual property owners with its growing processing and manufacturing platforms with a view to allowing these clients and prospective clients to gain access to our channels to market and to also generate additional revenue for the Issuer. The platform that the Issuer is building will seek to ensure that the end products are consistent across all jurisdictions by maintaining strict and professional standard operating procedures covering everything from marketing, sales, packaging, and branding through to the ultimate end user experience.

Over the longer-term, CordovaCann will focus on continuing to expand its reach into additional legal markets, with an increasing focus on international operations. The Issuer expects to organically build and forge strategic relationships with cannabis producers and processors in North America, South America, Europe, and Asia, but expects it should also be able to serve these markets through the export of products from Canada where legal. As the Issuer works to penetrate each of these markets with its branded products, CordovaCann will likely develop and/or acquire new brands and products to further leverage its channels to market through the broadening of its product offerings. Additionally, CordovaCann may invest in additional parts of the cannabis value chain such as distribution and retail dispensaries, in markets where such assets are legal and provide a competitive advantage and significant operating leverage for the Issuer.

Competition.

The Issuer competes with other companies for financing and investment opportunities in the cannabis industry. Some of these companies may possess greater financial resources than the Issuer. Such competition may result in the Issuer being unable to enter into desirable strategic agreements or similar transactions, to recruit or retain qualified employees or to acquire the capital necessary to fund its investments. Existing or future competition in the cannabis industry, including, without limitation, the entry of large multinational entities into the industry, could materially adversely affect the Issuer's prospects for entering into additional agreements in the future. In addition, the Issuer currently competes with other cannabis streaming and royalty companies, some of which may possess greater financial resources than the Issuer.

There is potential that the Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Issuer. Increased competition by larger and better financed competitors, including competitors to the Issuer's investments, could materially and adversely affect the business, financial condition and results of operations of the Issuer. It is possible that larger competitors could establish price setting and cost controls which would effectively "price out" certain of the Issuer's investments operating within and in support of the medical and recreational cannabis industry.

Because of the early stage of the industry in which the Issuer will operate, the Issuer expects to face additional competition from new entrants. To become and remain competitive, the Issuer will require research and development, marketing, sales and support. The Issuer may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of operations of the Issuer.

4.2 Risk Factors

Summary of Regulatory Environment

Although cannabis is federally illegal in the U.S., the U.S. federal government's approach to enforcement of such laws has trended toward non-enforcement. On August 29, 2013, the U.S. Department of Justice (the "**DOJ**"), issued a memorandum known as the "Cole Memorandum" to all U.S. Attorneys' offices (federal prosecutors). The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal cannabis laws against individuals and businesses that comply with state laws legalizing cannabis. While not legally binding, and merely prosecutorial guidance, the Cole Memorandum laid a framework for managing the tension between state and federal laws concerning state regulated cannabis businesses.

On January 4, 2018, the Cole Memorandum was revoked by Attorney General Jeff Sessions, an opponent of state-regulated medical and recreational cannabis. While this did not create a change in federal law, as the Cole Memorandum was not itself legally binding upon federal prosecutors, the revocation removed the DOJ's guidance to U.S. Attorneys that state-regulated cannabis industries substantively in compliance with the Cole Memorandum's guidelines should not be a prosecutorial priority.

In addition to his revocation of the Cole Memorandum, Attorney General Sessions also issued a one-page memorandum known as the "Sessions Memorandum." The Sessions Memorandum confirmed the rescission of the Cole Memorandum and explained the rationale for such rescission. According to the Sessions Memorandum, the Cole Memorandum was "unnecessary" due to existing general enforcement guidance set forth in the U.S. Attorney's Manual (the "**USAM**"). The USAM enforcement priorities, similar to the Cole Memorandum priorities, consider the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution" and "the cumulative impact of particular crimes on the community". Accordingly, U.S. Attorneys presently possess the same prosecutorial discretion they held while the Cole Memorandum was in place.

U.S. legal counsel continuously monitors all U.S. Attorney comments related to regulated medical and recreational cannabis laws to assess various risks and enforcement priorities within each jurisdiction. Dozens of U.S. Attorneys across the U.S. have affirmed that their prosecutorial discretion and/or federal enforcement priorities have not changed.

In addition, federal money laundering statutes may be violated in the event that financial institutions take any proceeds from cannabis sales or any other Schedule I substance, and Canadian banks are hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. Nevertheless, the U.S. Department of the Treasury issued a memorandum in February of 2014 (the "**FinCEN Memorandum**") outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses. Under these guidelines, financial institutions must submit a "suspicious activity report" ("**SAR**") as required by federal money laundering laws. These cannabis related SARs are divided into three categories: cannabis limited, cannabis priority, and cannabis terminated, based on the financial institution's belief that the cannabis business follows state law, is operating out of compliance with applicable state law, or where the banking relationship has been terminated.

Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum.

Despite the revocation of the Cole Memorandum, a legislative safeguard for the medical cannabis industry remains in place. Congress utilized a rider provision in the FY 2015, 2016 and 2017 Consolidated Appropriations Acts (currently the “**Leahy Amendment**”) to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with applicable state law. The Leahy Amendment was included in the FY 2018 budget passed on March 23, 2018, meaning that, the Leahy Amendment is still in effect as of today’s date and will remain in effect until September 30, 2018, when FY 2019 begins.

Compliance with Applicable State Law

Each licensee of the Intellectual Property complies with applicable U.S. state licensing requirements as follows: (1) each licensee is licensed pursuant to applicable U.S. state law to cultivate, possess and/or distribute cannabis in such state; (2) renewal dates for such licenses are docketed by legal counsel and/or other advisors; (3) random internal audits of the licensee’s business activities are conducted by the applicable state regulator and by the respective investee to ensure compliance with applicable state law; (4) each employee is provided with an employee handbook that outlines internal standard operating procedures in connection with the cultivation, possession and distribution of cannabis to ensure that all cannabis inventory and proceeds from the sale of such cannabis are properly accounted for and tracked, using scanners to confirm each customer’s legal age and the validity of each customer’s drivers’ license; (5) each room that cannabis inventory and/or proceeds from the sale of such inventory enter is monitored by video surveillance; (6) software is used to track cannabis inventory from seed-to-sale; and (7) each licensee is contractually obligated to comply with applicable state law in connection with the cultivation, possession and/or distribution of cannabis. CordovaCann’s U.S. legal counsel reviews, from time to time, the licenses and documents referenced above in order to confirm such information and identify any deficiencies.

Colorado’s Cannabis Regulatory Environment

For the purposes of Staff Notice 51-352, the assets and interests held by CordovaCann in Colorado are classified as “ancillary” involvement in the U.S. cannabis industry.

Colorado authorized the cultivation, possession and distribution of cannabis by certain licensed Colorado cannabis businesses. The Colorado Marijuana Enforcement Division regulates Colorado’s cannabis regulatory program. CordovaCann is advised by U.S. legal counsel and/or other advisors in connection with Colorado’s cannabis regulatory program. CordovaCann only engages in transactions with Colorado cannabis businesses that hold licenses that are in good standing to cultivate, possess and/or distribute cannabis in Colorado in compliance with Colorado’s cannabis regulatory program. To the extent required by Colorado’s cannabis regulatory program, CordovaCann has fully disclosed and/or registered each financial interest CordovaCann holds in such Colorado cannabis business. As of the date hereof, CordovaCann and Clearview Industries are in compliance with Colorado’s cannabis regulatory program.

Oregon’s Cannabis Regulatory Environment

For the purposes of Staff Notice 51-352, the assets and interests held by CordovaCann in Oregon are classified as “ancillary” involvement in the U.S. cannabis industry.

Oregon authorized the cultivation, possession and distribution of cannabis by certain licensed Oregon cannabis businesses. The Oregon Liquor Control Commission regulates Oregon’s cannabis regulatory program. CordovaCann is advised by U.S. legal counsel and/or other advisors in connection with Oregon’s cannabis regulatory program. CordovaCann only engages in transactions with Oregon cannabis businesses that hold licenses that are in good standing to cultivate, possess and/or distribute cannabis in Oregon in compliance with Oregon’s cannabis regulatory program. To the extent required by Oregon’s

cannabis regulatory program, CordovaCann has fully disclosed and/or registered each financial interest CordovaCann holds in such Oregon cannabis business. As of the date hereof, CordovaCann and FOTF are in compliance with Oregon's cannabis regulatory program.

California's Cannabis Regulatory Environment

For the purposes of Staff Notice 51-352, the assets and interests contemplated to be held by CordovaCann in California are classified as "ancillary" involvement in the U.S. cannabis industry.

California authorized the cultivation, possession and distribution of cannabis by certain licensed California cannabis businesses. The California Bureau of Cannabis Control regulates California's cannabis regulatory program. CordovaCann is advised by U.S. legal counsel and/or other advisors in connection with California's cannabis regulatory program. CordovaCann only engages in transactions with California cannabis businesses that hold licenses that are in good standing to cultivate, possess and/or distribute cannabis in California in compliance with California's cannabis regulatory program. To the extent required by California's cannabis regulatory program, CordovaCann has fully disclosed and/or registered each financial interest CordovaCann holds in such California cannabis business. As of the date hereof, CordovaCann and Humboldt Healthcare are in compliance with California's cannabis regulatory program.

Nevada's Cannabis Regulatory Environment

For the purposes of Staff Notice 51-352, the assets and interests proposed to be held by CordovaCann in Nevada are classified as "ancillary" involvement in the U.S. cannabis industry.

Nevada authorized the cultivation, possession and distribution of cannabis by certain licensed Nevada cannabis businesses. The Nevada Department of Taxation regulates Nevada's cannabis regulatory program. CordovaCann is advised by U.S. legal counsel and/or other advisors in connection with Nevada's cannabis regulatory program. CordovaCann only engages in transactions with Nevada cannabis businesses that hold licenses that are in good standing to cultivate, possess and/or distribute cannabis in Nevada in compliance with Nevada's cannabis regulatory program. To the extent required by Nevada's cannabis regulatory program, CordovaCann has fully disclosed and/or registered each financial interest CordovaCann holds in such Nevada cannabis business. As of the date hereof, CordovaCann and Forever Green are in compliance with Nevada's cannabis regulatory program.

The following are certain risk factors relating to the business carried on by the Issuer that prospective holders of Issuer Shares should carefully consider.

Risks specifically related to the United States regulatory system.

The Issuer's investments operate in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

The Issuer's investments incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Issuer's investments and, therefore, on the Issuer's prospective returns. Further, the Issuer may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect

our ability to conduct our business. Litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. A material adverse impact on our financial statements could also occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably capable of being estimated. The industry is subject to extensive controls and regulations which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Issuer's investments and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Issuer's investments' earnings and could make future capital investments or the Issuer's investments' operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

CordovaCann is expected to continue to derive a portion of its revenues from the cannabis industry in certain states of the United States, **which industry is illegal under United States federal law**. While the Issuer's business activities are compliant with applicable state and local laws, such activities remain illegal under United States federal law. CordovaCann is involved in the cannabis industry in the United States where local and state laws permit such activities or provide limited defenses to criminal prosecutions. The enforcement of relevant laws is a significant risk.

Thirty of the states in the United States have enacted comprehensive legislation to regulate the sale and use of medical cannabis. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a Schedule 1 controlled substance under the United States Controlled Substances Act of 1970. As such, cannabis-related practices or activities, including without limitation, the cultivation, manufacture, importation, possession, use or distribution of cannabis, are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Issuer of liability under United States federal law, nor will it provide a defense to any federal proceeding which may be brought against the Issuer. Any such proceedings brought against the Issuer may adversely affect the Issuer's operations and financial performance.

Because of the conflicting views between state legislatures and the federal government of the United States regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation, regulation, and enforcement. Unless and until the United States Congress amends the United States Controlled Substances Act with respect to cannabis or the Drug Enforcement Agency reschedules or de-schedules cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, which would adversely affect the current and future investments of the Issuer in the United States. As a result of the tension between state and federal law, there are a number of risks associated with the Issuer's existing and future investments in the United States.

For the reasons set forth above, the Issuer's existing interests in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported by certain publications in Canada that the Canadian Depository for Securities Limited may implement policies that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators (“CSA”) and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding (“**TMX MOU**”) with Aequitas NEO Exchange Inc., CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The TMX MOU outlines the parties’ understanding of Canada’s regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to companies with cannabis-related activities in the United States. The TMX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed companies. As a result, there is no CDS ban on the clearing of securities of companies with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange. The Issuer has obtained eligibility with the Depository Trust Company (“**DTC**”) for its Common Share quotation on the OTCQB and such DTC eligibility provides another possible avenue to clear Common Shares in the event of a CDS ban.

The activities of CordovaCann’s investments are, and will continue to be, subject to evolving regulation by governmental authorities. The Issuer’s investments are directly or indirectly engaged in the medical and recreational cannabis industry in the United States and Canada, where local state laws permit such activities. The legality of the production, extraction, distribution and use of cannabis differs among each North American jurisdictions.

CordovaCann’s investments have been focused in four states that have legalized the medical and/or recreational use of cannabis, being Oregon, Colorado, California and Nevada. Over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis. However, the U.S. federal government has not enacted similar legislation. As such, the cultivation, manufacture, distribution, sale and use of cannabis remains illegal under U.S. federal law.

Further, on January 4, 2018, U.S. Attorney General, Jeff Sessions, formally rescinded the standing DOJ federal policy guidance governing enforcement of marijuana laws, as set forth in a series of memos and guidance from 2009-2014, principally the Cole Memorandum. The Cole Memorandum generally directed U.S. Attorneys not to enforce the federal marijuana laws against actors who are compliant with state laws, provided enumerated enforcement priorities were not implicated. The rescission of this memo and other Obama-era prosecutorial guidance did not create a change in federal law as the Cole Memorandums were never legally binding; however, the revocation removed the DOJ’s guidance to U.S. Attorneys that state-regulated cannabis industries substantively in compliance with the Cole Memorandum’s guidelines should not be a prosecutorial priority. The federal government of the United States has always reserved the right to enforce federal law regarding the sale and disbursement of medical or recreational marijuana, even if state law sanctioned such sale and disbursement. Although the rescission of the above memorandums does not necessarily indicate that marijuana industry prosecutions are now affirmatively a priority for the DOJ, there can be no assurance that the federal government will not enforce such laws in the future.

Additionally, there can be no assurance 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. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that could make it extremely difficult or impossible to transact business in the cannabis industry. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Issuer’s investments in such businesses would

be materially and adversely affected notwithstanding the fact that the Issuer is not directly engaged in the sale or distribution of cannabis. Federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Issuer, its business and its investments.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018, the CSA published Staff Notice 51-352 setting out the CSA's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. 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 Issuer views this staff notice favourably, as it provides increased transparency and greater certainty regarding the views of the exchanges and the regulators regarding the Issuer's existing operations and strategic business plan as well as the Issuer's ability to pursue further investments and opportunities in the United States.

The Issuer's investments in the United States are subject to applicable anti-money laundering laws and regulations.

The Issuer is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

Despite these laws, FinCEN issued a memorandum on February 14, 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with federal enforcement priorities. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the United States Controlled Substances Act on the same day (the "**2014 Cole Memo**"). The 2014 Cole Memo has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes was not a DOJ priority.

Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to remain in effect as a standalone document which explicitly lists the eight enforcement priorities originally cited in the rescinded Cole Memorandum. Although the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance, it is unclear whether the current administration will continue to follow the guidelines of the

FinCEN Memorandum.

The Issuer's investments, and any proceeds thereof, are considered proceeds of crime due to the fact that cannabis remains illegal federally in the United States. This restricts the ability of the Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Issuer has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, the Issuer may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

The Issuer's investments in the United States may be subject to heightened scrutiny by Canadian authorities.

For the reasons set forth above, the Issuer's existing investments in the United States, and any future investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Issuer's ability to invest in the United States or any other jurisdiction, in addition to those described herein.

Although the TMX MOU has confirmed that there is currently no CDS ban on the clearing of securities of companies with cannabis-related activities in the United States, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange.

Change in laws, regulations and guidelines.

Each investment's current and proposed operations are subject to a variety of laws, regulations and guidelines, including, but not limited to, those relating to the manufacture, management, transportation, storage and disposal of cannabis, as well as laws and regulations relating to health and safety (including those for consumable products), the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations. If any changes to such laws, regulations and guidelines occur, which are matters beyond the control of the Issuer, the Issuer may incur significant costs in complying with such changes or it may be unable to comply therewith, which in turn may result in a material adverse effect on the Issuer's business, financial condition and results of operation. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Issuer's business plan and result in a material adverse effect on certain aspects of its planned operations.

Changes in regulations, more vigorous enforcement thereof, the imposition of restrictions on the Issuer's ability to operate in the U.S. as a result of the federally illegal nature of cannabis in the U.S. or other unanticipated events could require extensive changes to the Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

United States tax residence of the Issuer.

The Issuer, which is and will continue to be a Canadian corporation generally would be classified as a non-United States corporation (and, therefore, as a non-United States tax resident) under general rules of United States federal income taxation. Section 7874 of the United States Tax Code, however, contains rules that can cause a non-United States corporation to be taxed as a United States corporation for United States federal income tax purposes. The rules described in this paragraph are relatively new, their application is complex and there is little guidance regarding their application. Under section 7874 of the United States Tax Code, a corporation created or organized outside the United States (i.e., a non-United States corporation) will nevertheless be treated as a United States corporation for United States federal income tax purposes (such treatment is referred to as an “**Inversion**”) if each of the following three conditions are met (i) the non-United States corporation acquires, directly or indirectly, or is treated as acquiring under applicable United States Treasury Regulations, substantially all of the assets held, directly or indirectly, by a United States corporation, (ii) after the acquisition, the former stockholders of the acquired United States corporation hold at least 80% (by vote or value) of the shares of the non-United States corporation by reason of holding shares of the United States acquired corporation, and (iii) after the acquisition, the non-United States corporation’s expanded affiliated group does not have substantial business activities in the non-United States corporation’s country of organization or incorporation when compared to the expanded affiliated group’s total business activities (clauses (i) – (iii), collectively, the “**Inversion Conditions**”). For this purpose, “expanded affiliated group” means a group of corporations where (i) the non-United States corporation owns stock representing more than 50% of the vote and value of at least one member of the expanded affiliated group, and (ii) stock representing more than 50% of the vote and value of each member is owned by other members of the group. The definition of an “expanded affiliated group” includes partnerships where one or more members of the expanded affiliated group own more than 50% (by vote and value) of the interests of the partnership.

If the Issuer is treated as a United States corporation for United States federal income tax purposes under section 7874 of the United States Tax Code (which is considered likely, although no definitive determination of this matter has been reached, and no tax ruling has been sought or obtained in this regard), the Issuer would be considered a United States tax resident and subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Issuer is expected, regardless of any application of section 7874 of the United States Tax Code, to be treated as a Canadian resident Issuer (as defined in the Tax Act) for Canadian income tax purposes. As a result, if the Issuer is considered a United States corporation under section 7874, the Issuer would be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations. In addition, any distributions paid by the Issuer to a holder of Common Shares may be subject to United States withholding tax as well as any applicable Canadian withholding tax. A Non-United States Holder may also be subject to United States tax, including withholding tax, on disposition of its Common Shares.

Passive Foreign Investment Issuer.

There is a risk that the Issuer may, in the future, be construed as a passive foreign investment Issuer (“**PFIC**”). If the Issuer is a PFIC, its shareholders in the U.S. are likely subject to adverse U.S. tax consequences. Under U.S. federal income tax laws, if a Issuer is a PFIC for any year, it could have adverse U.S. federal income tax consequences to a U.S. shareholder with respect to its investment in the Issuer’s shares. The Issuer earns royalty and franchise revenue which may be treated as passive income unless the royalty and franchise revenue is derived in the active conduct of a trade or business. Assessing whether royalty or franchise revenue received by the Issuer and its subsidiaries is derived in the active conduct of a trade or business involves substantial factual and legal ambiguity. Based on current business

plans and financial expectations, the Issuer expects that it will not be a PFIC for its current tax year. PFIC classification is fundamentally factual in nature, generally cannot be determined until the close of the tax year in question, and is determined annually. Furthermore, because PFIC determinations are made annually, it is possible that the Issuer will meet the requirements to be treated as a PFIC in one or more years, but not meet such requirements in other years. U.S. shareholders should consult their own tax advisors regarding the potential adverse tax consequences to owning PFIC stock, and whether they are able to and should make any elections or take other actions to mitigate such potential adverse tax consequences.

If the Issuer is deemed to be an investment Issuer under the United States Investment Issuer Act of 1940, as amended (the “Investment Issuer Act”), it may be required to institute burdensome compliance requirements and its activities may be restricted.

The Issuer intends to conduct its operations so that it is not required to register as an investment Issuer under the Investment Issuer Act. Section 3(a)(1)(C) of the Investment Issuer Act defines an investment Issuer as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40.0% of the value of the issuer’s total assets (exclusive of government securities and cash items) on an unconsolidated basis. However, any issuer primarily engaged, directly or through a wholly-owned subsidiary or subsidiaries, in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities is exempt from the requirements of the Investment Issuer Act under Section 3(b)(1).

If the Issuer is deemed to be an investment Issuer under the Investment Issuer Act, its activities may be restricted, including restrictions on the nature of the Issuer’s investments and restrictions on the issuance of securities. In addition, the Issuer may have imposed upon it burdensome requirements, including:

- registration as an investment Issuer;
- adoption of a specific form of corporate structure; and
- reporting, record keeping, voting, proxy and disclosure requirements and other rules and regulations.

In sum, if the Issuer were to be characterized as an investment Issuer, the inability of the Issuer to satisfy such regulatory requirements, whether on a timely basis or at all, could, under certain circumstances, have a material adverse effect on the Issuer and its ability to continue pursuing its business plan could be limited.

The Issuer's Common Shares are considered to be penny stock, which may adversely affect the liquidity of its Common Shares.

The capital stock of the Issuer would be classified as “penny stock” as defined in Reg. § 240.3a51-1 promulgated under the Securities Exchange Act of 1934 (the “1934 Act”). In response to perceived abuse in the penny stock market generally, the 1934 Act was amended in 1990 to add new requirements in connection with penny stocks. In connection with effecting any transaction in a penny stock, a broker or dealer must give the customer a written risk disclosure document that (a) describes the nature and level of risk in the market for penny stocks in both public offerings and secondary trading, (b) describes the broker’s or dealer’s duties to the customer and the rights and remedies available to such customer with respect to violations of such duties, (c) describes the dealer market, including “bid” and “ask” prices for penny stock and the significance of the spread between the bid and ask prices, (d) contains a toll-free telephone number for inquiries on disciplinary histories of brokers and dealers, and (e) define significant terms used in the disclosure document or the conduct of trading in penny stocks. In addition, the broker-

dealer must provide to a penny stock customer a written monthly account statement that discloses the identity and number of shares of each penny stock held in the customer's account, and the estimated market value of such shares. The extensive disclosure and other broker-dealer compliance related to penny stocks may result in reducing the level of trading activity in the secondary market for such stocks, thus limiting the ability of the holder to sell such stock.

Additional financing.

The continued development of the Issuer will require additional financing. There is no guarantee that the Issuer will be able to achieve its business objectives. The Issuer intends to fund its future business activities by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Issuer. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve the granting of security against assets of the Issuer and also contain restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Issuer will require additional financing to fund its operations until positive cash flow is achieved.

The Issuer's access to both public and private capital and its ability to access financing to support continuing operations and investments may be further restricted due to uncertainty and the changing nature of the marijuana regulatory environment in jurisdictions in which the Issuer operates. See "*Risks specifically related to the United States regulatory system*" and "*Change in laws, regulations and guidelines*" above.

Investments may be pre-revenue.

The Issuer has made and may make future investments in entities that have no significant sources of operating cash flow and no revenue from operations. As such, the Issuer's investments are subject to risks and uncertainties including the risk that the Issuer's investments will not be able to:

- implement or execute their current business plan, or create a business plan that is sound;
- maintain their anticipated management team; and/or
- raise sufficient funds in the capital markets or otherwise to effectuate their business plan.

If the Issuer's investments cannot execute any one of the foregoing, their businesses may fail, which could have a materially adverse impact on the business, financial condition and operating results of the Issuer.

Lack of control over operations of investments.

The Issuer relies on its investments to execute on their business plans and to produce medical and/or recreational cannabis products, and holds contractual rights and minority equity interests relating to the operation of the Issuer's investments. The operators of the Issuer's investments have significant influence over the results of operations of the Issuer's investments. Further, the interests of the Issuer and the operators of the Issuer's investments may not always be aligned. As a result, the cash flows of the Issuer are dependent upon the activities of third parties which creates the risk that at any time those third parties may: (i) have business interests or targets that are inconsistent with those of the Issuer; (ii) take action

contrary to the Issuer's policies or objectives; (iii) be unable or unwilling to fulfill their obligations under their agreements with the Issuer; or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend a third party's ability to perform its obligations. In addition, payments may flow through the Issuer's investments, and there is a risk of delay and additional expense in receiving such revenues. Failure to receive payments in a timely fashion, or at all, under the agreements to which the Issuer is entitled may have a material adverse effect on the Issuer. In addition, the Issuer must rely, in part, on the accuracy and timeliness of the information it receives from the Issuer's investments, and use such information in its analyses, forecasts and assessments relating to its own business. If the information provided by investment entities to the Issuer contains material inaccuracies or omissions, the Issuer's ability to accurately forecast or achieve its stated objectives, or satisfy its reporting obligations, may be materially impaired.

Private companies and illiquid securities.

The Issuer may invest in securities of private companies. In some cases, the Issuer may be restricted by contract or generally by applicable securities laws from selling such securities for a period of time. Such securities may not have a ready market and the inability to sell such securities or to sell such securities on a timely basis or at acceptable prices may impair the Issuer's ability to exit such investments when the Issuer considers it appropriate.

Unfavourable publicity or consumer perception.

The regulated cannabis industry in the United States and Canada is at an early stage of its development. The Issuer believes the medical and recreational cannabis industry is highly dependent on consumer perception regarding the safety and efficacy of recreational and medical cannabis. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Issuer. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on the business of the Issuer. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consumer such products legally, appropriately or as directed.

Public opinion and support for medical and recreational cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. Legalization of medical and recreational cannabis remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, legalization of medical marijuana as opposed to legalization in general).

Limited operating history.

Since March 1997, when it was created by amalgamation, the Issuer has had no significant revenues or earnings from operations. The Issuer has operated at a loss to date and may continue to sustain operating losses for the foreseeable future. There is no assurance that the Issuer will ever be profitable. Therefore, it is difficult for investors to evaluate the Issuer's operations and prospects which may increase the risks

associated with an investment in the Issuer.

Although the Issuer expects to generate some revenues from its investments, many of the investments will only start generating revenues in future periods and, accordingly, the Issuer is therefore expected to remain subject to many of the risks common to early-stage enterprises for the foreseeable future, including challenges related to laws, regulations, licensing, integrating and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Banking.

Since the production and possession of cannabis is currently illegal under U.S. federal law, it is possible that banks may refuse to open bank accounts for the deposit of funds from businesses involved with the cannabis industry. The inability to open bank accounts with certain institutions could materially and adversely affect the business of the Issuer.

Currency fluctuations.

Certain revenues and expenses of the Issuer are expected to be denominated in U.S. Dollars, and therefore may be exposed to significant currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U.S. Dollar and the Canadian Dollar may have a material adverse effect on the Issuer's business, financial condition and operating results. CordovaCann may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements; however, there can be no assurance that such a program will effectively mitigate currency risks.

Risks associated with strategic transactions.

As part of the Issuer's overall business strategy, the Issuer intends to pursue select strategic acquisitions, leasing and lending transactions and licensing agreements which would provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. The success of any such strategic transactions will depend, in part, on the ability of the Issuer to realize the anticipated benefits and synergies from integrating the Issuer's investments into the businesses of the Issuer. Future strategic actions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Issuer's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; and (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

While the Issuer intends to conduct reasonable due diligence in connection with such strategic transactions, there are risks inherent in any transaction. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Issuer is not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Issuer's financial performance and results of operations. The Issuer could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from the strategic

actions. All of these factors could cause dilution to the Issuer's earnings per share or decrease or delay the anticipated accretive effect of the transaction and cause a decrease in the market price of the Issuer's Common Shares.

Bankruptcy or insolvency of investments.

There is no guarantee that the Issuer will be able to effectively enforce any interests it may have in the Issuer's investments. A bankruptcy or other similar event related to an investment of CordovaCann that precludes a party from performing its obligations under an agreement may have a material adverse effect on the Issuer. Furthermore, as an equity investor, should an investment have insufficient assets to pay its liabilities, it is possible that other liabilities will be satisfied prior to the liabilities owed to the Issuer. In addition, bankruptcy or other similar proceedings are often a complex and lengthy process, the outcome of which may be uncertain and could result in a material adverse effect on the Issuer.

Research and market development.

Although the Issuer, itself and through its investments, is committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed.

The Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical and recreational cannabis industry in North America.

The Issuer is operating its business in a relatively new medical and recreational cannabis industry and market. Accordingly, there are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the recreational or medical cannabis industry or market could have a material adverse effect on the Issuer's business, financial condition and results of operations. Due to the early stage of the regulated cannabis industry, forecasts regarding the size of the industry and the sales of products by the Issuer's investments are inherently difficult to prepare with a high degree of accuracy and reliability. A failure in the demand for products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Issuer's investments, and consequently, the Issuer.

Reliance on management.

The success of the Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. Qualified individuals are in high demand, and the Issuer may incur significant costs to attract and retain them. In addition, the Issuer's lean management structure may be strained as the Issuer pursues growth opportunities in the future. The loss of the services of such individuals or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Issuer's ability to execute on its business plan and strategy, and the Issuer may be unable to find adequate replacements on a timely basis, or at all.

CordovaCann's future success depends substantially on the continued services of its executive officers, consultants and advisors. If one or more of its executive officers or key personnel were unable or unwilling to continue in their present positions, the Issuer might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing

Issuer, the Issuer may lose know-how, key professionals and staff members. These executive officers and key employees could compete with and take customers away which could materially and adversely affect the Issuer's prospects, financial performance and results of operations.

Operation permits and authorizations.

The Issuer's investments may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate their respective businesses. In addition, the Issuer's investments may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on an investment's ability to operate in the cannabis industry, which could have a material adverse effect on the Issuer's business.

Litigation.

CordovaCann may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Issuer becomes involved be determined against the Issuer, such a decision could adversely affect the Issuer's ability to continue operating and the market price for the Common Shares and could use significant resources. Even if the Issuer is involved in litigation and wins, litigation can redirect significant resources. Litigation may also create a negative perception of the Issuer.

Liability, enforcement complaints, etc.

CordovaCann's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities into or against the Issuer or its investments. Litigation, complaints, and enforcement actions involving either of the Issuer or its investments could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Issuer's future cash flows, earnings, results of operations and financial condition.

Product liability.

Certain of the Issuer's investments manufacture, process and/or distribute products designed to be ingested by humans, and therefore face an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused significant loss or injury. In addition, previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. A product liability claim or regulatory action against an investment entity of CordovaCann could result in increased costs, could adversely affect the Issuer's reputation, and could have a material adverse effect on the results of operations and financial condition of the Issuer.

Reliance on key inputs.

The cultivation, extraction and processing of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Issuer's investments. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the relevant investment entity might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required

supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of an investment, and consequently, the Issuer.

Price volatility of publicly traded securities.

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

Management of growth.

CordovaCann may experience a period of significant growth in the number of personnel that may place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key personnel to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. CordovaCann's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Dividends.

CordovaCann has not paid dividends in the past, and the Issuer does not anticipate paying any dividends in the foreseeable future. Dividends paid by the Issuer would be subject to tax and, potentially, withholdings.

Any decision to declare and pay dividends in the future will be made at the discretion of the Issuer's Board of Directors and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Issuer's Board of Directors may deem relevant. As a result, investors may not receive any return on an investment in the Common Shares unless they sell their Common Shares for a price greater than that which such investors paid for them.

Risk factors related to dilution.

The Issuer may issue additional securities in the future, which may dilute a shareholder's holdings in the Issuer. The Issuer's articles permit the issuance of an unlimited number of Common Shares. The Directors of the Issuer have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Issuer on the exercise of options under the Issuer's Option Plan and upon the exercise of outstanding warrants.

Intellectual property and proprietary protection.

The success of the Issuer will depend, in part, on the ability of the Issuer and the Issuer's investments to maintain, enhance and protect its intellectual property, including various existing and potential proprietary techniques and processes. The Issuer and the Issuer's investments may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary

products and trade secrets of the Issuer or the Issuer's investments. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions.

The Issuer relies on a combination of laws and contractual provisions to establish and protect its rights in intellectual property. There can be no assurance that the steps taken to protect proprietary rights will be adequate to deter misappropriation of intellectual property or technology. The Issuer may face claims alleging infringement of intellectual property rights held by others. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. An adverse determination in legal proceedings, a costly litigation process or a costly settlement could have a material adverse effect on the Issuer's business, prospects, revenues, operating results and financial condition.

Insurance coverage.

CordovaCann currently does not have insurance coverage. The Issuer is likely to require insurance coverage in the future. There can be no assurance that adequate insurance coverage will be available to the Issuer in the future, or that if available, that such insurance will be obtainable by the Issuer at a commercially justifiable premium. There also can be no assurance that any insurance coverage obtained by the Issuer will be sufficient to cover claims to which the Issuer may become subject. If insurance coverage is unavailable to cover any such claims, the Issuer's financial resources, results of operations and prospects could be adversely affected. If the Issuer were to incur substantial liability and such damages were in excess of policy limits, there could be a material adverse effect on the Issuer's business, financial condition and results of operations.

Operational risks.

CordovaCann and its investments may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Issuer's investments' properties, grow facilities and extraction facilities, personal injury or death, environmental damage, adverse impacts on the Issuer's investments' operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Issuer's future cash flows, earnings and financial condition on the Issuer. Also, the Issuer's investments may be subject to or affected by liability or sustain loss for certain risks and hazards against which they may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Issuer's future cash flows, earnings, results of operations and financial condition.

Costs of maintaining a public listing.

As a public Issuer, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of securities exchanges require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to an issuer's legal and financial compliance costs. CordovaCann may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Holding Issuer.

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

Difficulty implementing business strategy.

The growth and expansion of the Issuer is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that the Issuer will be successful in the implementation of its business strategy.

Conflicts of interest.

Certain of the Issuer's directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in, among other things, corporations, partnerships and joint ventures, that may become potential competitors of the technologies, products and services the Issuer intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Issuer's interests. In accordance with applicable corporate law, directors who have a material interest in or who are parties to a material contract or a proposed material contract with the Issuer are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the transaction. In addition, the directors and officers are required to act honestly and in good faith with a view to the Issuer's best interests. However, in conflict of interest situations, the Issuer's directors and officers may owe the same duty to another Issuer and will need to balance their competing interests with their duties to the Issuer. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Issuer.

Previous operations.

The Issuer recently changed its focus from the identification and evaluation of assets for purchase in the media, technology and consumer industries, to a provider of services and investment capital to companies in the cannabis sector. The Issuer also changed its name on January 3, 2018 from "LiveReel Media Corporation" to "CordovaCann Corp.". While the Issuer has now divested all of its assets relating to its previous business, there is no guarantee that liabilities relating to the previous business will not negatively impact the Issuer's current or future operations or financial performance. Management is not aware of any liabilities relating to its previous business operations.

Resale of Common Shares.

Although the Common Shares are listed on the CSE and the OTCQB, there can be no assurance that an active and liquid market for the Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Issuer. In addition, there can be no assurance that the publicly-traded stock price of the Issuer will be high enough to create a positive return for investors. Further, there

can be no assurance that the Common Shares will be sufficiently liquid so as to permit investors to sell their position in the Issuer without adversely affecting the stock price. In such event, the probability of resale of the Common Shares would be diminished.

5. DIVIDENDS AND DISTRIBUTIONS

5.1 Divisions and Distributions

CordovaCann does not intend, and is not required, to pay any dividends on the Issuer Shares. Any decision to pay dividends will be made on the basis of the Issuer's earnings, financial requirements and other conditions existing at the time. No decisions have been made to change the dividend policy of CordovaCann. CordovaCann's ability to pay dividends may be affected by Canadian provincial and federal regulations. See "*Section 4.2 – Risk Factors*".

6. DESCRIPTION OF CAPITAL STRUCTURE

The Issuer Shares are listed for trading on the CSE under the symbol "CDVA" and are quoted on the OTCQB marketplace in the United States under the symbol "LVRLF".

6.1 General Description of Capital Structure

CordovaCann is authorized to issue an unlimited number of common shares (the "**Common Shares**" or "**Issuer Shares**"). There were 40,036,228 Issuer Shares issued and outstanding as at June 30, 2018 and as at the date of this AIF.

The holders of Issuer Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Issuer and each Issuer Share confers the right to one vote in person or by proxy at all meetings of the shareholders of CordovaCann. The holders of the Issuer Shares are entitled to receive such dividends in any financial year as the Board of Directors may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, the holders of the Issuer Shares are entitled to receive the remaining property and assets of the Issuer. The Issuer Shares do not have any pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, and sinking or purchase fund provisions. CordovaCann is not restricted in its ability to issue additional securities and does not require holders of its Issuer Shares to contribute additional capital.

7. MARKET FOR SECURITIES

7.1 Trading Price and Volume

The Issuer Shares are listed for trading on the CSE under the symbol "CDVA" and are quoted on the OTCQB marketplace in the United States under the symbol "LVRLF".

The following table sets forth the reported high and low prices and the trading volume of the Issuer Shares on the CSE for each month for the twelve (12) months prior to the date of this AIF.

Date	High (\$)	Low (\$)	Volume
October, 2018	1.47	1.05	82,846
September, 2018	1.70	1.00	125,489
August, 2018	2.00	1.00	64,800
July, 2018	N/A	N/A	N/A
June, 2018	N/A	N/A	N/A
May, 2018	N/A	N/A	N/A
April, 2018	N/A	N/A	N/A
March, 2018	N/A	N/A	N/A
February, 2018	N/A	N/A	N/A
January, 2018	N/A	N/A	N/A
December, 2017	N/A	N/A	N/A
November, 2017	N/A	N/A	N/A

The following table sets forth the reported high and low prices and the trading volume of the Issuer Shares on the OTCQB marketplace for each month for the twelve (12) months prior to the date of this AIF.

Date	High (USD \$)	Low (USD \$)	Volume
October, 2018	1.31	0.67	103,500
September, 2018	1.30	0.82	168,500
August, 2018	2.00	0.80	211,900
July, 2018	2.57	1.5	73,400
June, 2018	2.60	1.77	46,800
May, 2018	2.45	1.67	52,100
April, 2018	2.20	0.95	138,600
March, 2018	1.20	0.36	117,962
February, 2018	1.20	0.45	263,653
January, 2018	0.70	0.26	141,008
December, 2017	0.30	0.16	29,200
November, 2017	0.24	0.08	40,000

7.2 Prior Sales

In the twelve (12) month period preceding the date of this AIF, CordovaCann issued the following Common Shares.

Date Issued	Number of Common Shares Issued	Issue Price per Common Share	Aggregate Issue Price	Consideration
October 19, 2017	7,681,110 ⁽¹⁾	\$0.05	\$384,055	Debt Settlement
December 14, 2017	5,532,500 ⁽²⁾	\$0.10	\$553,250	Cash / Consulting Services
March 12, 2018	890,074 ⁽³⁾	\$1.08	\$959,251	Cash
June 12, 2018	2,390,800 ⁽⁴⁾	\$1.95	\$4,664,025	Cash / Consulting Services
June 15, 2018	20,000 ⁽⁵⁾	\$1.95	\$39,000	Consulting Services

Notes:

- (1) On October 19, 2017 and pursuant to a debt conversion agreement, CordovaCann issued 7,681,110 Common Shares and fully settled \$384,055 owing under the Shareholder Loan at a price of \$0.05 per Common Share.
- (2) On December 14, 2017 and in connection with a private placement, CordovaCann issued 5,532,500 Common Shares at a price of \$0.10 per Common Share for total gross proceeds of \$553,250; of which \$533,250 was received in cash and \$20,000 was received in services provided by a consultant.
- (3) On March 12, 2018 and in connection with a private placement, CordovaCann issued 890,074 Common Shares at a price of \$1.08 per Common Share for total gross proceeds of \$959,251; all of which was received in cash.
- (4) On June 12, 2018 and in connection with a private placement, CordovaCann issued 2,390,800 Common Shares at a price of \$1.95 per Common Share for total gross proceeds of \$4,664,025; of which \$4,400,163 was received in cash and \$263,862 was received in services provided by consultants.
- (5) On June 15, 2018 and in connection with a private placement, CordovaCann issued 20,000 Common Shares at a price of \$1.95 per Common Share for total gross proceeds of \$39,000; all of which was received in services provided by a consultant.

In the twelve (12) month period preceding the date of this AIF, CordovaCann issued the following warrants for the purchase of Common Shares.

Date Issued	Number of Warrants Issued ⁽¹⁾	Exercise Price	Expiry Date
November 1, 2017	3,000,000	\$0.10	October 31, 2019
November 1, 2017	250,000	\$0.10	April 30, 2019
November 1, 2017	750,000	\$0.15	April 30, 2019
March 9, 2018	1,500,000	\$1.15	March 8, 2020
March 9, 2018	750,000	\$1.15	March 8, 2020
March 15, 2018	400,000	\$1.45	September 14, 2019
October 1, 2018	250,000	\$1.50	September 30, 2020
October 15, 2018	250,000	\$2.00	October 14, 2020
October 31, 2018	2,000,000	\$2.00	October 30, 2022

Notes:

- (1) As of the date of this AIF, there were an aggregate of 9,150,000 warrants for the purchase of Common Shares issued and outstanding.

In the twelve (12) month period preceding the date of this AIF, CordovaCann issued the following options for the purchase of Common Shares.

Date Issued	Number of Options Issued ⁽¹⁾	Exercise Price	Expiry Date
January 16, 2018	1,000,000	\$0.40	January 15, 2021
March 9, 2018	750,000	\$1.15	March 8, 2021

Notes:

- (1) As of the date of this AIF, there were an aggregate of 1,750,000 options for the purchase of Common Shares issued and outstanding.

8. ESCROWED SECURITIES

To the knowledge of the directors and executive officers of the Issuer, as at the date of this AIF, none of CordovaCann's issued and outstanding Common Shares are held in escrow.

9. DIRECTORS AND OFFICERS

9.1 Directors and Officers

The following table sets forth the name of all directors and officers of the Issuer, their municipalities of residence, their current positions with the Issuer, their principal occupations during the past five years and the number and percentage of Issuer Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this AIF.

Name, Residence and Position with the Issuer ⁽¹⁾	Principal Occupation during the past five years	Director Since	Number of Shares owned ⁽²⁾
Thomas (Taz) M. Turner, Jr. Wrightsville Beach, North Carolina, USA Chairman, Chief Executive Officer (Age 40)	Chairman and CEO of the Issuer (CEO since September 2017; Director since November 2017; Chairman since May 2018); Founder and General Partner of Southshore Capital Partners, LP (since December 2009).	November 22, 2017	2,947,523 ⁽³⁾
Ashish Kapoor Toronto, Ontario, Canada Director, Chief Financial Officer, Corporate Secretary (Age 40)	Director, CFO and Corporate Secretary of the Issuer (March, 2015); CFO and Corporate Secretary of Gilla Inc. (CFO since November 2012, Corporate Secretary since May 2015); Director of The Mint Corporation (since July 2014); CFO of DealNet Capital Corp. (January 2013 – October 2015); CFO of Transeastern Power Trust (May 2014 – April 2015); Senior Vice President of Telecom, Media, Entertainment and Technology of Macquarie Capital Markets Canada Ltd. (August 2002 - March 2012).	March 10, 2015	5,895,046 ⁽⁴⁾
Nathan Nienhuis⁽⁵⁾ Annapolis, Maryland, USA Director, Chief Operating Officer (Age 39)	Director and COO of the Issuer (Director since November 2017, COO since May 2018); Founder, Treasurer and COO of PharmaCulture Corp. (since October 2015); Consultant to various public and private companies since 2010.	November 22, 2017	Nil
Henry J. Kloepper⁽⁵⁾ Toronto, Ontario, Canada Director (Age 68)	Director of the Issuer (since March 2015); CEO of Captor Capital Corp. (since December 2012); Director of Kure Technologies Inc. (since May 2015); Director of URU Metals Ltd. (since June 2017); CEO of Frontier Lithium Inc. (June 2011 – February 2017).	March 10, 2015	Nil
Eric Lowy⁽⁵⁾ Toronto, Ontario, Canada Director (Age 49)	Director of the Issuer (since November 2017); Partner of Irwin Lowy LLP (since August 2007).	November 22, 2017	Nil

Notes:

- (1) The information as to province or state and country of residence and principal occupation, not being within the knowledge of the Issuer, has been furnished by the respective directors and officers individually.
- (2) The information as to the shares beneficially owned or over which a director and officer exercise control or direction, not being within the knowledge of the Issuer, has been furnished by the respective directors and officers individually.

- (3) *Includes 2,947,523 Common Shares owned by T3 Research, LLC. Mr. Turner also may be seen to have control or direction over an additional 2,947,523 Common Shares held by Southshore Capital Partners, LP, a private investment fund.*
- (4) *Includes 5,895,046 Common Shares owned by 2364201 Ontario Corp.*
- (5) *Current member of the Audit Committee.*

The directors and executive officers of the Issuer as a group beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 8,842,569 Issuer Shares, representing approximately 22.09% of the issued and outstanding Issuer Shares on a non-diluted basis.

Thomas (Taz) M. Turner, Jr. – *Chairman and Chief Executive Officer*

Mr. Turner has over 15 years of experience in the capital markets focused on both debt and equity securities in the technology and consumer industries. Since founding Southshore Capital Partners, LP in 2009, Mr. Turner has guided the growth of Southshore's long/short global equity hedge fund as General Partner. Through his fund, Mr. Turner has invested in public and private cannabis companies since 2012. Prior to Southshore, Mr. Turner held progressive positions at hedge funds and private equity funds with Tala Investments, Trafelet Delta Funds and ABS Capital Partners, where he specialized in technology and consumer investments. Mr. Turner graduated from the University of Virginia with a Bachelor of Science in both Commerce and Mathematics.

Ashish Kapoor – *Director, Chief Financial Officer and Corporate Secretary*

Mr. Kapoor has over 18 years of experience in providing capital markets advisory and assurance services as a finance professional. After obtaining his Chartered Accountant designation at Ernst & Young, Mr. Kapoor has gained over 10 years of experience in investment banking; advising clients across various industries. As a senior vice president at Macquarie Capital Markets Canada Ltd., Mr. Kapoor was responsible for the Canadian telecom, media, entertainment and technology investment banking and principal investing group. During his 10 years at Macquarie, Mr. Kapoor completed in excess of \$3 billion in successful principal investments and advised on a further \$4 billion of mergers and acquisitions for third party clients. Mr. Kapoor was formerly the CFO of DealNet Capital Corp., a consumer finance company, and Transeastern Power Trust (prior to its current name, Blockchain Power Trust), an independent power producer focused on renewable energy sources. Mr. Kapoor is currently the CFO of Gilla Inc., an E-liquid manufacturing business with distribution to over 25 countries, and a director of The Mint Corporation, a globally certified payments company. Mr. Kapoor obtained his Chartered Accountant designation as part of the Ernst & Young's Toronto practice and was awarded the Gold Medal for first place in Ontario, and the Bronze Medal for third place in Canada on the 2000 Chartered Accountancy Uniform Final Examination. Mr. Kapoor is also a CFA Charter holder and holds a Masters of Accounting and a Bachelor of Arts degree from University of Waterloo.

Nathan Nienhuis – *Director and Chief Operating Officer*

Mr. Nienhuis has extensive experience consulting to both public and private companies on all aspects of cannabis operations; including general operations, facility design, management of production and processing facilities, product development and dispensary oversight. Mr. Nienhuis has served as a consultant to various public and private companies since 1996. Over the course of his career, Mr. Nienhuis has served as head horticulturalist at licensed medical cannabis companies in California, Arizona, Colorado, Washington, Oregon, Nevada, Washington DC, and Canada. Furthermore, Mr. Nienhuis has developed and sold cutting-edge equipment for the safe extraction of cannabinoids and has been at the forefront of devising new extraction methods for processing at scale. As an extraction expert, Mr. Nienhuis has consulted on facility design for commercial cannabis extraction laboratories across the world, including ensuring compliance with Class 1 Division 1 standards for the use of volatile chemicals.

Henry J. Klopper – Director

Mr. Klopper is a leading financier and has been involved in investment banking and corporate finance for over 30 years. Mr. Klopper has a rounded knowledge of the capital markets, strategic growth and investments. Mr. Klopper has served as a director and officer of a number of public and private corporations and has held executive positions with Award Capital, JP Morgan, Citibank, Bank of America, and North American Trust in the US, Canada, and Europe.

Eric Lowy – Director

Mr. Lowy is a Partner at Irwin Lowy LLP, a law firm located in Toronto, Canada. Mr. Lowy's practice focuses primarily on corporate finance, securities and merger and acquisition transactions, as well as public company governance and regulation. Mr. Lowy has extensive experience in counselling senior management and boards of public and private corporations, including with respect to financial disclosure matters and the preparation of financial statements and related management discussion and analysis. Mr. Lowy has served as a legal advisor to and as a director of a number of public and private corporations.

Board Committees

The Board is currently comprised of five (5) directors; being; Thomas (Taz) M. Turner, Jr. (Chairman); Ashish Kapoor; Nathan Nienhuis; Henry J. Klopper and Eric Lowy who were each elected by the Issuer's shareholders to hold office until the next annual meeting of shareholders or until a successor is duly elected or appointed, unless his office is earlier vacated in accordance with the by-laws of the Issuer. Mr. Klopper and Mr. Lowy are currently the only "independent" directors within the meaning of National Instrument 52-110 – Audit Committees ("NI 52-110"). Mr. Turner, the Issuer's Chief Executive Officer; Mr. Kapoor, the Issuer's Chief Financial Officer; and Mr. Nienhuis, the Issuer's Chief Operating Officer; are not considered to be independent for purposes of NI 52-110. The Board has determined that a board of five (5) members will be effective in the governance and supervision of the management of the Issuer's business and affairs at this time.

Other than the Audit Committee, the Board has no other committees. The directors are regularly informed of or are actively involved in the operations of the Issuer. The scope and size of the Issuer's operations and development does not currently warrant an increase in the size of the Board or the formation of additional committees, however, the Board periodically examines its size and constitution and may from time to time establish ad hoc committees to deal with specific situations.

Audit Committee

The current members of the Issuer's Audit Committee are Henry J. Klopper, who is also the Chair of the Audit Committee, Eric Lowy, and Nathan Nienhuis. Mr. Klopper and Mr. Lowy are currently the only "independent" members of the Audit Committee as defined within the meaning of NI 52-110. Mr. Nienhuis, the Issuer's Chief Operating Officer, is not considered to be an independent member of the Audit Committee for purposes of NI 52-110. All members of the Audit Committee are considered to be financially literate.

Mr. Klopper is a leading financier and has been involved in investment banking and corporate finance for over 30 years. Mr. Klopper has a rounded knowledge of the capital markets, strategic growth and investments. Mr. Klopper has experience in reviewing and evaluating financial statements of a similar nature and breadth as those of the Issuer in his service as a director of public and private corporations.

Mr. Lowy is a Partner at Irwin Lowy LLP, a law firm located in Toronto, Canada. Mr. Lowy's practice focuses primarily on corporate finance, securities and merger and acquisition transactions, as well as public company governance and regulation. Mr. Lowy has extensive experience in counselling senior

management and boards of public and private corporations, including with respect to financial disclosure matters and the preparation of financial statements and related management discussion and analysis. Mr. Lowy has served as a legal advisor to and as a director of a number of public and private corporations. Mr. Lowy has experience in reviewing and evaluating financial statements of a similar nature and breadth as those of the Issuer, both as a legal advisor and in his service as a director of public and private corporations.

Mr. Nienhuis has extensive experience consulting to both public and private companies on all aspects of cannabis operations; including general operations, facility design, management of production and processing facilities, product development and dispensary oversight. Mr. Nienhuis has experience in reviewing and evaluating financial statements of a similar nature and breadth as those of the Issuer.

9.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Issuer, no existing or proposed director, executive officer or promoter of the Issuer is, or within the ten (10) years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any other corporation that, while that person was acting in the capacity of a director, chief executive officer or chief financial officer of that corporation, was the subject of a cease trade order or similar order that denied the corporation access to any exemptions under applicable securities law, for a period of more than thirty (30) consecutive days, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of the Issuer, no director, officer or promoter of the Issuer or a securityholder anticipated to hold sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of such persons has, within the ten (10) years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such individual.

To the knowledge of the Issuer, no director, officer or promoter of the Issuer, or a securityholder anticipated to hold sufficient securities of the Issuer to affect materially the control of the Issuer has, within the last ten (10) years before the date hereof, been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body that would be likely to be considered important to a reasonable investor making a decision in regards to the Issuer.

9.3 Conflicts of Interest

The Issuer's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Issuer may participate, the directors of the Issuer may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. The directors of the Issuer are required to act honestly, in good faith and in the best interests of the Issuer.

The directors and officers of the Issuer are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and the Issuer will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be

disclosed by such directors or officers in accordance with applicable laws and shall govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of the Issuer are not aware of any such conflicts of interest.

10. PROMOTERS

Kanan Corbin Schupak & Aronow, Inc. d/b/a KCSA Strategic Communications (“KCSA”), provides corporate communications and public relations services, including investor relations services, to the Issuer. KCSA is paid a monthly fee of USD \$16,000 for the provision of services (to be increased by 5% after twelve (12) months of service). To the best knowledge of the Issuer, KCSA does not own or exercise control over any securities of the Issuer.

Other than as disclosed in this section, no person who was a promoter of the Issuer within the last two (2) years:

- a) received anything of value directly or indirectly from the Issuer or a subsidiary; or
- b) sold or otherwise transferred any asset to the Issuer or a subsidiary within the last two (2) years; or
- c) has been a director, officer or promoter of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets; or
- d) has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or
- f) has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

11. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As of the date of this AIF, there are no legal proceedings material, and no contemplated legal proceedings known to be material, to the Issuer or its subsidiaries, to which the Issuer or its subsidiaries is a party or of which any of the Issuer or its subsidiaries’ respective property is the subject matter.

As of the date of this AIF, none of the Issuer nor any of its subsidiaries has been subject to any penalties or sanctions imposed by any court or regulatory authority relating to provincial and territorial securities legislation or by a securities regulatory authority, within the three (3) years immediately preceding the date hereof, nor has any party entered into a settlement agreement with a securities regulatory authority within the three (3) years immediately preceding the date hereof, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Issuer’s securities or would be likely to be considered important to a reasonable investor making an investment decision.

12. AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee of the Issuer is governed by its Audit Committee Charter, a copy of which is annexed to this AIF as Appendix “A”.

Composition of the Audit Committee

The current members of the Issuer’s Audit Committee are Mr. Kloepper, who is also the Chair of the Audit Committee, Mr. Lowy, and Mr. Nienhuis. Mr. Kloepper and Mr. Lowy are “independent” within the meaning of NI 52-110. Mr. Nienhuis, the Issuer’s Chief Operating Officer, is not considered to be an independent member of the Audit Committee for purposes of NI 52-110. All of the members of the Audit Committee are financially literate as defined by NI 52-110.

Relevant Education and Experience

Mr. Kloepper is a leading financier and has been involved in investment banking and corporate finance for over 30 years. Mr. Kloepper brings a rounded knowledge of the capital markets, strategic growth and investments. Mr. Kloepper has experience in reviewing and evaluating financial statements of a similar nature and breadth as those of the Issuer in his service as a director of public and private corporations. Mr. Lowy is a Partner at Irwin Lowy LLP., a law firm located in Toronto, Canada. His practice focuses primarily on corporate finance, securities and merger and acquisition transactions, as well as public company governance and regulation. Mr. Lowy has extensive experience in counselling senior management and the boards of directors of public and private corporations, including with respect to financial disclosure matters and the preparation of financial statements and related management discussion and analysis. Mr. Lowy has experience in reviewing and evaluating financial statements of a similar nature and breadth as those of the Issuer, both as a legal advisor and in his service as a director of public and private corporations. Mr. Nienhuis has extensive experience consulting to public and private companies on general operations, design and facility infrastructure, and product development. Mr. Nienhuis has experience in reviewing and evaluating financial statements of a similar nature and breadth as those of the Issuer.

Reliance on Certain Exemptions

Since the commencement of the Issuer’s most recently completed financial year, it has not relied on an exemption, in whole or in part, granted under Part 8 of NI 52-110.

Audit Committee Oversight

The Audit Committee has not made a recommendation to the Board that was not adopted by the Board, to nominate or compensate any external auditor during the most recently completed financial year.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of the Issuer’s auditors to provide non-audit services, as and when required.

External Auditor Services Audit Fees

The aggregate audit fees billed by the Issuer’s external auditors for the years ended June 30, 2018 and 2017 were USD \$55,000 and \$8,560, respectively.

Audit-Related Fees

There were no audit-related fees billed by the Issuer's external auditors for the years ended June 30, 2018 and 2017.

Tax Fees

There were no tax fees billed by the Issuer's external auditors for the years ended June 30, 2018 and 2017.

All Other Fees

There were no fees other than as reported above that were billed by the Issuer's external auditors for the years ended June 30, 2018 and 2017.

Exemption

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

13. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed below, no director, executive officer, significant securityholder, insider or promoter of CordovaCann or any associate or affiliate of any such person or company has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect CordovaCann.

On September 18, 2018, Cordova Investments Canada entered into a letter of intent with NWN to form a strategic partnership. This new partnership would allow CordovaCann to license from NWN industry-leading cannabinoid technology and intellectual property for use in a number of U.S. jurisdictions currently served by the Issuer. NWN is a privately-held Canadian company that is conducting research on the effects of cannabinoids to develop novel compilations and formulations of cannabis-derived products for global commercial use. NWN's intellectual property and product development initiatives are focused on the manufacturing of consistent cannabinoid derivative products. NWN also conducts research on the genetic properties of cannabis to develop genetically differentiated cannabis plants that improve yields and enhance specific attributes of cultivated flower. Furthermore, on September 18, 2018, Cordova Investments Canada advanced \$500,000 for the purchase of 500,000 convertible preferred shares of NWN at a price of \$1.00 per preferred share. Each preferred share is convertible into one common share of NWN, subject to appropriate adjustments for any stock splits, consolidations or other recapitalizations. The Issuer also agreed to purchase an additional 3,500,000 preferred shares at a price of \$1.00 per share on or before December 31, 2018 under the same terms and received a right of first refusal to participate in any future equity offerings of NWN. NWN is considered to be a related party by virtue of a common officer and director with CordovaCann.

14. TRANSFER AGENTS AND REGISTRARS

Auditor

The Issuer's auditor is Marcum LLP, 750 3rd Avenue, 11th Floor, New York, New York, 10017, USA.

Transfer Agent and Registrar

The Issuer's transfer agent and registrar is TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1.

15. MATERIAL CONTRACTS

Except for contracts entered into by the Issuer in the ordinary course of business, the only current material contract entered into or currently anticipated to be entered into by the Issuer which can reasonably be regarded as presently material is the Asset Purchase and Contribution Agreement.

16. INTEREST OF EXPERTS

Marcum LLP is the independent auditor of the Issuer and is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario. Marcum LLP reported on the Issuer's annual financial statements for the year ended June 30, 2018.

To the knowledge of management, as of the date hereof, no expert, nor any associate or affiliate of such person has any beneficial interest, direct or indirect, in the property of the Issuer or of an associate or affiliate of any of them, and, as of the date hereof, each expert, or any associate or affiliate of such person, as a group, beneficially owns, directly or indirectly, less than 1% of the outstanding securities of the Issuer and no such person is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of an associate or affiliate thereof.

17. ADDITIONAL INFORMATION

There are no other material facts about the Issuer or the Common Shares that are not disclosed under any other items of this AIF and are necessary in order for this AIF to contain full, true and plain disclosure of all material facts relating to the Issuer or the Common Shares. Additional information relating to the Issuer can be found on SEDAR located at www.sedar.com.

18. GLOSSARY

In this AIF, the following words and terms shall have the following meanings:

“**1934 Act**” has the meaning set out in Section 4.2.

“**2014 Cole Memo**” has the meaning set out in Section 4.2.

“**ACMPR**” means Access to Cannabis for Medical Purposes;

“**Alterna**” has the meaning set out in Section 3.1.

“**Asset Purchase and Contribution Agreement**” means the Asset Purchase and Contribution Agreement amongst Cordova OR, FOTF, David Pearce, Amanda Seybert, and FOTF Holdings, LLC dated April 4, 2018 relating to the Oregon Transaction. See “*Section 3 – General Development of the Business*”;

“**Audit Committee**” means the audit committee of the Issuer, as defined by NI 52-110;

“**Board**” or “**Board of Directors**” means the board of directors of the Issuer;

“**CBCA**” means the *Canada Business Corporations Act*, as amended;

“**CDS**” has the meaning set out in Section 4.2.

“**Clearview Industries**” has the meaning set out in Section 3.1.

“**Cole Memorandum**” has the meaning set out in Section 4.2.

“**Common Shares**” means the common shares in the capital of the Issuer;

“**Consulting Services**” has the meaning set out in Section 3.1.

“**CordovaCann**” has the meaning set out in Section 1.1.

“**CordovaCann Canada**” has the meaning set out in Section 3.1.

“**CordovaCann USA**” has the meaning set out in Section 3.1.

“**Cordova CO**” has the meaning set out in Section 3.1.

“**Cordova Investments Canada**” has the meaning set out in Section 3.1.

“**Cordova OR**” has the meaning set out in Section 3.1.

“**Cordova OR Operations**” has the meaning set out in Section 3.1.

“**Covelo Assets**” has the meaning set out in Section 3.1.

“**CSA**” has the meaning set out in Section 4.2.

“**CSE**” means the Canadian Securities Exchange;

“**DOJ**” has the meaning set out in Section 4.2.

“**DTC**” has the meaning set out in Section 4.2.

“**FinCEN Memorandum**” has the meaning set out in Section 4.2.

“**Forever Green**” has the meaning set out in Section 3.1.

“**FOTF**” has the meaning set out in Section 3.1.

“**Humboldt Healthcare**” has the meaning set out in Section 3.1.

“**Humboldt Healthcare Assets**” has the meaning set out in Section 3.1.

“**IFRS**” means the International Financial Reporting Standards, as issued by the International Accounting Standards Board;

“**Issuer**” means CordovaCann Corp.

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

“**Intellectual Property**” has the meaning set out in Section 3.1.

“**Inversion**” has the meaning set out in Section 4.2.

“**Inversion Conditions**” has the meaning set out in Section 4.2.

“**Investment Issuer Act**” has the meaning set out in Section 4.2.

“**Leahy Amendment**” has the meaning set out in Section 4.2.

“**Meeting**” has the meaning set out in Section 3.1.

“**NI 52-110**” has the meaning set out in Section 9.1.

“**Notes Payable**” has the meaning set out in Section 3.1.

“**NWN**” has the meaning set out in Section 3.1.

“**OBCA**” means the *Ontario Business Corporations Act*, as amended;

“**Option**” means an option to purchase Issuer Shares granted under the Option Plan;

“**Option Plan**” means the rolling stock option plan adopted by the Issuer by approval of its shareholders on November 22, 2017;

“**Oregon Assets**” has the meaning set out in Section 3.1.

“**Related Person**” means, (i) each director and executive officer, or (ii) an associate or permitted assign of such director or executive officer;

“**SAR**” has the meaning set out in Section 4.2.

“**Shareholder Loan**” has the meaning set out in Section 3.1.

“**Staff Notice 51-352**” has the meaning set out in Section 4.

“**Subsidiaries**” has the meaning set out in Section 2.3.

“**TMX MOU**” has the meaning set out in Section 4.2.

“**USAM**” has the meaning set out in Section 4.2.

APPENDIX “A” AUDIT COMMITTEE CHARTER

1. Purpose and Authority

The Audit Committee (“**Committee**”) is a committee of the board of directors (the “**Board**”) of CordovaCann Corp. (the “**Company**”). Its primary function shall be to assist the Board in fulfilling its oversight responsibilities with respect to accounting and financial reporting processes, the integrity of the financial statements the Company, compliance with legal and regulatory requirements, the overall adequacy and maintenance of the systems of internal controls that management has established and the overall responsibility for the Company’s external and internal audit processes including the external auditor’s qualifications, independence and performance.

The Committee shall have access to such officers and employees of the Company, its external auditor and its legal counsel as the Committee considers to be necessary or desirable in order to perform its duties and responsibilities. In addition, the Committee shall have the authority and funding to retain independent legal, accounting and other consultants to advise the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisers employed by the Committee and to the external auditor employed by the Company for the purpose of rendering or issuing an audit report or performing other audit, review or attest services and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee shall be accountable to the Board. In the course of fulfilling its specific responsibilities, the Committee shall maintain open communication between the Company’s external auditor and the Board.

The responsibilities of a member of the Committee shall be in addition to such member’s duties as a member of the Board.

The Committee has the duty to review and ensure that the Company’s financial disclosures are complete and accurate, are in accordance with generally accepted accounting principles and fairly present the financial position and risks of the organization. The Committee should, where it deems appropriate, review compliance with laws and regulations and the Company’s own policies.

The Committee will provide the Board with such recommendations and reports with respect to the financial disclosures of the Company as it deems advisable.

2. Membership and Composition

The Committee shall consist of at least three directors, a majority of which shall be independent, who shall serve on behalf of the Board. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. Each member shall meet the independence, financial literacy and experience requirements of any stock exchange upon which the securities of the Company may be listed to the extent required by the rules of such exchange, National Instrument 52-110 – *Audit Committees* and other regulatory agencies as required. The Board may, at any time, remove or replace any member of the Committee and may fill any vacancy in the Committee.

Financial literacy requires that all members of the Committee shall have the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are

generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

A majority of members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other, will constitute a quorum for a meeting of the Committee.

The Board will appoint one member of the Committee to act as the chair ("**Chair**") of the Committee. In his or her absence, the Committee may appoint another person to act as chair of a meeting of the Committee provided a quorum is present. The Chair will appoint a secretary of the meeting, who need not be a member of the Committee and who will maintain the minutes of the meeting.

3. Meetings

At the request of the external auditor, the Chair of the Board, the Chief Executive Officer or the Chief Financial Officer of the Company or any member of the Committee, the Chair of the Committee will convene a meeting of the Committee. In advance of every meeting of the Committee, the Chair, with the assistance of the Chief Financial Officer, will ensure that the agenda and meeting materials are distributed in a timely manner.

The Committee shall meet regularly and at least on a quarterly basis.

4. Duties and Responsibilities

The Committee shall take charge of all responsibilities imparted on an audit committee of the Company, as they may apply from time to time, under National Instrument 52-110 – *Audit Committees* and stock exchange rules. The duties and responsibilities of the Committee include the following:

4.1 Financial Reporting and Disclosure

- (a) Review and discuss with management and the external auditor at the completion of the annual examination:
 - (i) the Company's audited financial statements and related notes; the external auditor's audit of the financial statements and their report;
 - (ii) any significant changes required in the external auditor's audit plan;
 - (iii) any serious difficulties or disputes with management encountered during the course of the audit; and
 - (iv) other matters related to the conduct of the audit which are to be communicated to the Committee under International Financial Reporting Standards ("**IFRS**").
- (b) Review and discuss with management and the external auditor at the completion of any review engagement or other examination, the Company's quarterly financial statements.
- (c) Review and discuss with management, prior to their public disclosure, the annual reports, quarterly reports, Management's Discussion and Analysis ("**MD&A**"), earnings press releases and any other material disclosure documents containing or incorporating by

reference audited or unaudited financial statements of the Company and, if thought advisable, provide their recommendations on such documents to the Board.

- (d) Review and discuss with management any guidance being provided to shareholders on the expected earnings of the Company and, if thought advisable, provide their recommendations on such documents to the Board.
- (e) Inquire of the auditors regarding the quality and acceptability of the Company's accounting principles and estimates, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates.
- (f) Review the Company's compliance with any policies and reports received from regulators. Discuss with management and the external auditor the effect on the Company's financial statements of significant regulatory initiatives.
- (g) Meet with the external auditor and management in separate executive sessions, as necessary or appropriate, to discuss any matters that the Committee or any of these groups believe should be discussed privately with the Committee.
- (h) Ensure that management has the proper and adequate systems and procedures in place for the review of the Company's financial statements, financial reports and other financial information including all Company disclosure of financial information extracted or derived from the Company's financial statements, and that they satisfy all legal and regulatory requirements. The Committee shall periodically assess the adequacy of such procedures.
- (i) Review with the Company's counsel, management and the external auditor any legal or regulatory matter, including reports or correspondence, which could have a material impact on the Company's financial statements or compliance policies.
- (j) Based on discussions with the external auditor concerning the audit, the financial statement review and such other matters as the Committee deems appropriate, recommend to the Board the filing of the audited annual and unaudited quarterly financial statements and MD&A on SEDAR and the inclusion of the audited annual statements and MD&A in the Annual Report on Form 20-F and the unaudited quarterly financial statements and MD&A in the Current Reports on Form 6-K.

4.2 External Auditor

- (a) Be responsible for recommending to the Board the appointment of the Company's external auditor and for the compensation, retention and oversight of the work of the external auditor employed by the Company. The external auditor shall report directly to the Committee. The Committee shall be responsible to resolve any disagreements, if any, between management and the external auditor regarding financial reporting.
- (b) Consider, in consultation with the external auditor, the audit scope and plan of the external auditor.
- (c) Confirm with the external auditor and receive written confirmation at least once per year as to the external auditor's internal processes and quality control and disclosure of any investigations or government enquiries, reviews or investigations of the external auditor.

- (d) Take reasonable steps to confirm at least annually the independence of the external auditor, which shall include:
 - (i) ensuring receipt from the external auditor of a formal written statement delineating all relationships between the external auditor and the Company, consistent with IFRS, and determine that they satisfy the requirements of all applicable securities laws,
 - (ii) considering and discussing with the external auditor any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the external auditor, and
 - (iii) approving in advance any audit or permissible non-audit related services provided by the external auditor to the Company with a view to ensuring independence of the external auditor, and in accordance with any applicable regulatory requirements, including the requirements of all applicable securities laws with respect to approval of non-audit related services performed by the external auditor.
- (e) Approve the lead audit partner for the Company's external auditor, confirm that such lead partner has not performed audit services for the Company for more than five previous fiscal years, and otherwise ensure the rotation of the lead partner and other partners in accordance with all applicable securities laws.
- (f) Review and approve the Company's hiring policies regarding partners, employees and former employees of the present and former external auditors of the Company.

4.3 Internal Controls and Audit

- (a) Review and assess the adequacy and effectiveness of the Company's systems of internal control and management information systems through discussion with management and the external auditor to ensure that the Company maintains appropriate systems, is able to assess the pertinent risks of the Company and that the risk of a material misstatement in the financial disclosures can be detected.
- (b) Assess the requirement for the appointment of an internal auditor for the Company.
- (c) Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process required under applicable Canadian and United States securities laws. Review any significant deficiencies in the design and operation of internal controls over financial reporting or disclosure controls and procedures and any fraud involving management or other employees who have a significant role in the Company's internal controls.

4.4 General

- (a) Conduct an ongoing review of any transaction now in effect, and review and approve in advance any proposed transaction, that could be within the scope of "related party transactions" as such term is defined in applicable securities laws, and establish appropriate procedures to receive material information about and prior notice of any such transaction.
- (b) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and for the

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

- (c) Conduct or authorize investigations into any matter within the scope of this Charter. The Committee may request that any officer or employee of the Company, its external legal counsel or its external auditor attend a meeting of the Committee or meet with any member(s) of the Committee.
- (d) Review the qualifications of the senior accounting and financial personnel.
- (e) Enquire of management and the external auditor regarding significant financial risks or exposures and the steps management has taken to minimize such risks to the Company.
- (f) Perform any other activities consistent with this Charter, the Company's Articles and governing law, as the Committee or the Board deems necessary or appropriate.

4.5 Oversight Function

While the Committee has the responsibilities and powers set out in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of management and the external auditor. The Committee and the Chair and any members of the Committee identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and the Board in the absence of such designation. Rather, the role of a member of the Committee who is identified as having accounting or related financial expertise, like the role of all members of the Committee, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

5. Chair of the Committee

The Chair of the Committee:

- (a) provides leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
- (b) chairs meetings of the Committee, unless not present, including in camera sessions, and reports to the Board following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
- (c) ensures that the Committee meets on a regular basis and at least quarterly;
- (d) in consultation with the Chair of the Board and the Committee members, establishes a calendar for holding meetings of the Committee;

- (e) establishes the agenda for each meeting of the Committee, with input from other Committee members, the Chair of the Board, and any other parties as applicable;
- (f) acts as liaison and maintains communication with the Chair of the Board and the Board to optimize and co-ordinate input from Board members, and to optimize the effectiveness of the Committee. This includes reporting to the full Board on all proceedings and deliberations of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;
- (g) reports annually to the Board on the role of the Committee and the effectiveness of the Committee's role in contributing to the objectives and responsibilities of the Board as a whole;
- (h) ensures that the members of the Committee understand and discharge their duties and obligations;
- (i) fosters ethical and responsible decision making by the Committee and its individual members;
- (j) together with the Corporate Governance and Nominating Committee, oversees the structure, composition, membership and activities delegated to the Committee from time to time;
- (k) ensures that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approves work to be done for the Committee by consultants;
- (l) facilitates effective communication between members of the Committee and management;
- (m) addresses, or causes to be addressed, all concerns communicated to him or her under the Company's Whistleblower Policy or Code of Conduct; and
- (n) performs such other duties and responsibilities as may be delegated to the Chair of the Committee by the Board from time to time.

This Charter will be reviewed annually and any recommended changes will be submitted to the Board for approval.

Last reviewed and approved by the Board on November 5, 2018.