



Green Thumb Industries Inc.

Annual Information Form

For the year ended February 28, 2018

Dated July 10, 2018

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DATE, CURRENCY AND OTHER INFORMATION

In this annual information form ("**AIF**" or "**Annual Information Form**"), unless the context otherwise requires, the "**Corporation**" or "**GTI**" refers to Green Thumb Industries Inc. together with its wholly-owned subsidiaries. References to "Bayswater" refer to the Corporation prior to completion of the Transaction (as defined herein).

This AIF applies to the business activities and operations of the Corporation for the year ended February 28, 2018, as updated to July 10, 2018 to reflect completion of the Transaction on June 12, 2018. Unless otherwise indicated, the information in this AIF is given as of the date hereof.

Unless otherwise indicated, all references to "\$" or "US\$" in this AIF refer to United States dollars and all references to "C\$" in this AIF refer to Canadian dollars.

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

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

The information provided in this Annual Information Form ("**AIF**"), including information incorporated by reference, may contain "forward-looking statements" about the Corporation. In addition, the Corporation may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Corporation 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 Corporation that address activities, events or developments that the Corporation 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 currently available and on the then current expectations of the party making the statement 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:

- (a) the regulation of the recreational cannabis industry;
- (b) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- (c) other risks described in this AIF and described from time to time in documents filed by the Corporation with Canadian securities regulatory authorities.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including, but not limited to, with respect to expectations and assumptions concerning: (i) receipt of required shareholder and regulatory approvals in a timely manner or at all; (ii) receipt and/or maintenance of required licenses and third party consents in a timely manner or at all; and (iii) the success of the operations of the Corporation.

Although the Corporation believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the availability of sources of income to generate cash flow and revenue; the dependence on management and directors; risks relating to the receipt of the required licenses, risks relating to additional funding requirements; due diligence risks; exchange rate risks; potential transaction and legal risks; risks relating to laws and regulations applicable to the production and sale of marijuana; and other factors beyond the Corporation's control, as more particularly described under the heading "*Risk Factors*" in this AIF.

Consequently, all forward-looking statements made in this AIF and other documents of the Corporation as applicable, 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 Corporation. 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 Corporation and/or persons acting on their behalf may issue. The Corporation does not undertake any 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.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Corporation was incorporated under the *Company Act* (British Columbia) on June 26, 1979 under the name "Dalmatian Resources Ltd." On February 18, 2002, the Corporation changed its name to "Enwest Ventures Corp." Further, on February 25, 2003, the Corporation changed its name to "Bayswater Ventures Corp." In August 2006, the Corporation changed its name from Bayswater Ventures Corp. to "Bayswater Uranium Corporation" following an amalgamation with Pathfinder Resources Ltd.

On July 18, 2007, under a plan of arrangement, the Corporation amalgamated with Kilgore Minerals Ltd., a company incorporated under the *Canada Business Corporations Act* (the "**CBCA**") on June 21, 2002. Following the plan of arrangement, Kilgore Minerals Ltd. changed its name to "Bayswater Uranium Corporation" on July 24, 2007 and effected a continuance under the laws of the province of British Columbia on December 7, 2006. On December 7, 2006, it was continued into British Columbia under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") under the name Bayswater Uranium Corporation.

Subsequent to its most recently completed financial year, the Corporation completed the Transaction and filed Articles of Amendment to effect the name change from "Bayswater Uranium Corporation" to "Green Thumb Industries Inc."

The registered office of the Corporation is located at 2200, HSBC Building, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8. The head office is located at 325 W. Huron Street, Suite 412, Chicago, Illinois 60654.

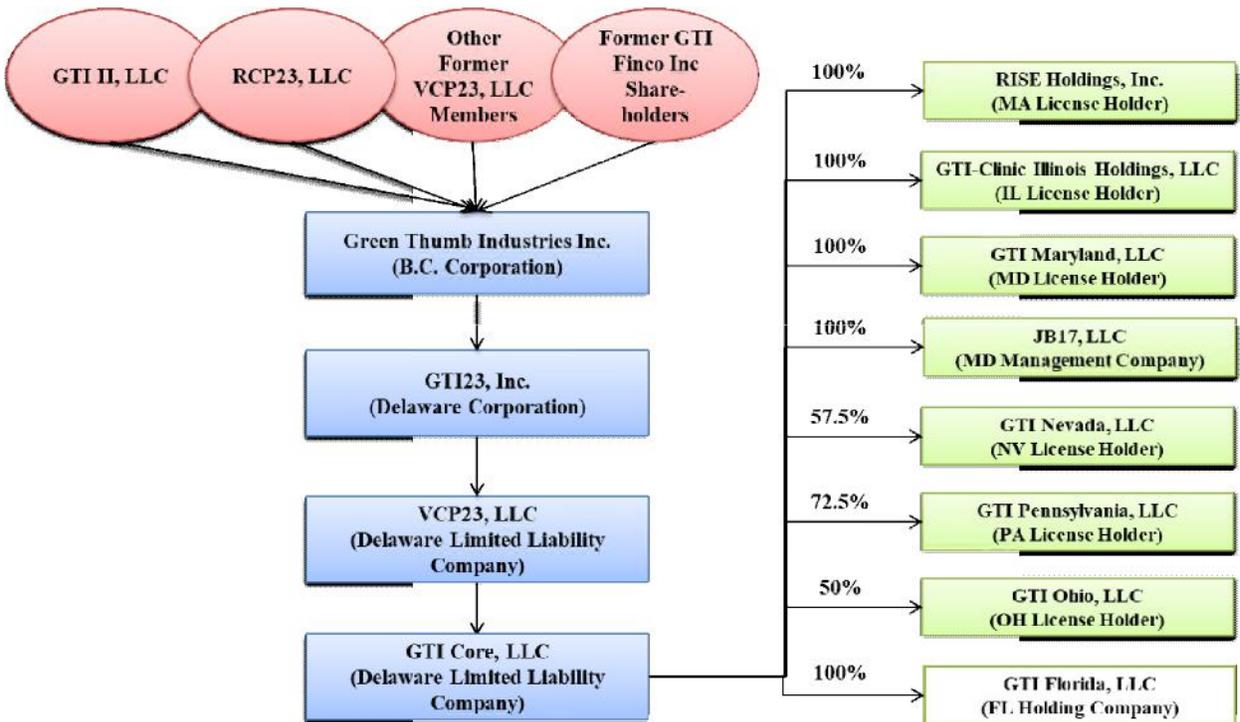
Green Thumb Industries Inc. is a reporting issuer listed for trading on the CSE in the Province of British Columbia. See *Description of the Business – Recent Developments*.

Inter-corporate Relationships

The diagram immediately below presents the subsidiaries of the Corporation as of the date of this AIF, reflecting completion of the Transaction. Unless otherwise noted, all lines represent 100% ownership of outstanding securities of the applicable subsidiary.

GTI Core, LLC owns the membership interest in several state-licensed medical and adult use marijuana businesses in Illinois, Massachusetts, Maryland, Pennsylvania, Nevada, Ohio, and Florida.

Corporate Structure of Green Thumb Industries Inc.



The Corporation is currently organized so that each of the state-licensed medical and adult use marijuana businesses are owned directly by the Corporation.

Entity Name	Formation	Formation Date	Corporate Structure	GTI Ownership
Green Thumb Industries Inc.	British Columbia, Canada	June 26, 1979	GTI Parent Company	N/A
GTI23, Inc.	Delaware, USA	May 10, 2018	U.S. Parent Company	100%
VCP23, LLC	Delaware, USA	November 27, 2017	Owns GTI Core, LLC	100%
Vision Management Services, LLC	Delaware, USA	November 11, 2016	Provides Management Services to GTI-Related Businesses	100%
VCP Real Estate Holdings, LLC	Delaware, USA	December 4, 2017	Holds Certain GTI-Owned Real Estate	100%
VCP IP Holdings, LLC	Delaware, USA	December 4, 2017	Holds Certain GTI-Owned Intellectual Property	100%
TWD18, LLC	Delaware, USA	June 1, 2018	Holds Certain GTI Investments	100%
GTI Core, LLC	Delaware, USA	February 21, 2017	Owns GTI's Interest in State-Licensed Businesses	100%
GTI-Clinic Illinois Holdings, LLC	Illinois, USA	June 26, 2014	Owns GTI's Illinois Licensed Entities	100%
GTI Maryland, LLC	Maryland, USA	April 30, 2015	Holds Maryland Licenses	100%
JB17, LLC	Delaware, USA	July 26, 2017	Management Services Company	100%
GTI Pennsylvania, LLC	Pennsylvania, USA	August 30, 2016	Holds Pennsylvania Licenses	72.5%

Entity Name	Formation	Formation Date	Corporate Structure	GTI Ownership
GTI Nevada, LLC	Nevada, USA	January 21, 2016	Holds Nevada Licenses	57.5%
RISE Holdings, Inc.	Massachusetts, USA	April 25, 2018 (Converted from Massachusetts Non-Profit)	Holds Massachusetts Licenses	100%
GTI Ohio, LLC	Ohio, LLC	April 7, 2017	Holds Ohio Licenses	50%

GENERAL DEVELOPMENT OF THE BUSINESS

Recent Developments

The Corporation (formerly Bayswater) had no active business operations leading up to completion of the Transaction. In connection with the Transaction, the Corporation disposed of its uranium-based assets, including its 100% interest in the Brudell property located in the southwestern Athabasca Basin, Saskatchewan.

Following the most recently completed financial year and taking into account the Transaction, the Company has continued the business of VCP.

The Transaction

On June 12, 2018, the Corporation, 1165318 B.C. Ltd. (a wholly-owned subsidiary of Bayswater) (“**Subco**”), VCP23, LLC (“**VCP**”), GTI23, Inc. (“**GTI23**”) and GTI Finco Inc. (“**GTI Finco**”) entered into a Business Combination Agreement whereby the Corporation, Subco, VCP, GTI23 and GTI Finco combined their respective businesses (the “**Transaction**”). The Transaction was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. reorganization steps.

At a meeting of shareholders on June 11, 2018, the Corporation’s shareholders approved a resolution to restructure the Corporation’s share capital to, among other things, re-designate its existing common shares as subordinate voting shares (“**Subordinate Voting Shares**”) and create a class of multiple voting shares (“**Multiple Voting Shares**”) and super voting shares (“**Super Voting Shares**”).

In connection with the Transaction completed on June 12, 2018, the Corporation changed its name from “Bayswater Uranium Corporation” to “Green Thumb Industries Inc.” and consolidated its existing common shares on the basis of one Subordinate Voting Share for each 368 existing common shares of the Corporation.

The Corporation, Subco and GTI Finco were parties to a three-cornered amalgamation (“**Amalgamation**”) whereby GTI Finco shareholders received Subordinate Voting Shares of the Corporation on a one-for-one basis and members of VCP contributed their membership interests to GTI23 for shares of GTI23 and then contributed their shares of GTI23 to GTI in exchange for Super Voting Shares and Multiple Voting Shares of GTI.

The SR Offering

Prior to the Transaction, GTI Finco (a special purpose corporation wholly-owned by VCP), completed a brokered and a non-brokered subscription receipt financing at a price of C\$7.75 per subscription receipt for aggregate gross proceeds of approximately C\$87 million (the “**SR Offering**”). As part of closing the Transaction, the investors in the SR Offering received Subordinate Voting Shares of GTI on an economically equivalent basis. The brokered portion of the SR Offering was co-led by GMP Securities L.P. and Canaccord Genuity Corp., with a syndicate that included Beacon Securities Limited, Echelon Wealth Partners Inc., and Eight Capital Corp.

In connection with the Transaction and pursuant to the SR Offering, a total of 11,245,439 Subordinate Voting Shares were issued and outstanding after completion of the Transaction, including Subordinate Voting Shares issued to former holders of GTI Finco subscription receipts issued in the SR Offering.

The Subordinate Voting Shares began trading on the Canadian Securities Exchange on June 13, 2018 under the symbol “GTII”.

Three-Year History and Significant Acquisitions

VCP was formed on November 27, 2017 with the Delaware Secretary of State’s office. The entity had no activity or financials in 2017.

On January 1, 2018, RCP23, LLC, which had operations in Nevada, Maryland, Pennsylvania and Massachusetts, and GTI-Clinic Illinois Holdings, LLC, which had operations in Illinois, restructured and each entity contributed certain assets and real estate to VCP or its subsidiaries and simultaneously GTI-Clinic Illinois Holdings, LLC transferred its membership interests in the Illinois licensed medical businesses to GTI Core, LLC. Prior to the closing of the Transaction, VCP was acquired by GTI23 and the members of VCP exchanged their membership interests in VCP in exchange for shares of GTI23, Inc.

Financing Activities

On June 12, 2018, GTI Finco (a special purpose corporation wholly-owned by VCP), completed a brokered and a non-brokered subscription receipt financing at a price of C\$7.75 per subscription receipt for aggregate gross proceeds of approximately C\$87 million. See *General Development of the Business - Recent Developments*.

On April 30, 2018, the Corporation closed a private placement offering to sell \$45 million in a convertible promissory note (“**Convertible Promissory Note**”) to VCP Convert, LLC, a Delaware limited liability company owned by accredited investors. The Convertible Promissory Note was converted into common units of VCP immediately prior to the Transaction.

On December 31, 2017, RCP23, LLC, closed a \$67 million private placement offering to sell investor member units (“**RCP Investor Member Units**”) in RCP23, LLC to fund growth opportunities and working capital of the Corporation. Upon the sale of \$10 million of the RCP Investor Member Units, VCP closed on two asset purchase transactions, which involved the acquisition of all of the assets of (i) GTI Investments, LLC, a Delaware limited liability Corporation, and all of its subsidiaries, and (ii) GTI Investors Maryland, LLC, a Maryland limited liability Corporation. As part of the closing with GTI Investments, LLC and GTI Investors Maryland, LLC, RCP23, LLC assumed the rights to a convertible note with GTI Nevada, LLC, which held medical marijuana licenses in Nevada, rights to a promissory note with RISE Holdings, Inc., which had previously been known as GTI-NP Massachusetts Corporation, received equity in GTI Maryland, LLC, which had applied for certain medical marijuana licenses in the State of Maryland, and certain other subsidiaries formed for the purposes of obtaining medical and/or adult use medical marijuana licenses in the United States.

On November 30, 2016, GTI Investments, LLC, closed a \$9.7 million private placement offering to sell investor member units in GTI Investments, LLC to fund working capital and growth opportunities throughout the United States.

On May 16, 2016, GTI Investors Maryland, LLC, closed a \$2.0 million private placement offering to sell Series A Investor Member Units in GTI Investors Maryland, LLC to fund working capital and growth opportunities the State of Maryland.

On September 30, 2014, GTI II, LLC, closed a \$2 million private placement offering to sell Series A Units in GTI II, LLC.

On April 30, 2015, GTI II, LLC, closed a \$22.3305 million private placement offering to sell Series B Units in GTI II, LLC. Capital raised from both GTI II, LLC offerings was used to fund working capital and growth opportunities in the State of Illinois.

Significant Acquisitions and Dispositions

In March 2016, GTI Nevada, LLC acquired Nevada Organix, LLC, which held one cultivation/processor license and three dispensary licenses in the state of Nevada. Funding to close the acquisition came from the Corporation and from a third-party financial investor, both of which took convertible debt interest in GTI Nevada, LLC, the acquiror. Such convertible debt was converted into equity in GTI Nevada, LLC as of February 2017.

In October 2017, GTI 3C, LLC, a subsidiary of the Corporation acquired 3C Compassionate Care Center, LLC, which held two dispensary licenses in the state of Illinois. Funding to close the acquisition came from a combination of Corporation cash and \$7.5 million in long-term debt from third-party lenders.

In February 2018, GTI Pennsylvania, LLC entered into a contribution agreement with KW Ventures Holdings, LLC whereby the Corporation would purchase 100% of the membership interest in KW Ventures Holdings, LLC in exchange for membership interest in GTI Pennsylvania, LLC. This transaction is anticipated to close in the 3rd quarter of 2018.

Pipeline Transactions

the Corporation is actively pursuing growth opportunities to expand its portfolio in the medical and adult use marijuana industry. the Corporation currently has several transactions in its pipeline, including the following:

- (a) The Corporation anticipates closing its acquisition of KW Ventures Holdings, LLC, which has medical marijuana dispensaries in Steelton, Pennsylvania and Carlyle, Pennsylvania and a dispensary in York, Pennsylvania, which is anticipated to open in the 3rd Quarter 2018. Pursuant to the terms of a contribution agreement with KW Ventures Holdings, LLC executed on February 14, 2018, GTI Pennsylvania, LLC will purchase the membership interest of KW Ventures Holdings, LLC in exchange for a 9.9% membership interest in GTI Pennsylvania, LLC. Prior to the closing of this acquisition, the Corporation agreed to fund KW Ventures Holdings, LLC a total of \$3 million pursuant to an amended and restated line of credit promissory note as well as executed a management services agreement, both of which were executed on February 14, 2017.
- (b) The Corporation has entered into a letter of intent with Revolution Maryland Retail, LLC, the holder of the right to operate a medical marijuana dispensary in the State of Maryland, to enter into a management services agreement and purchase 100% of the membership interest of Revolution Maryland Retail, LLC for cash. It is anticipated that the closing of the acquisition will occur in the third quarter of 2018 and that the dispensary will be located in Abingdon, Maryland.
- (c) The Corporation has entered into a letter of intent with MGTM, LLC, the holder of the right to operate a medical marijuana dispensary in the State of Maryland, to purchase 100% of the membership interest of MGTM, LLC for the Corporation equity. It is anticipated that the closing of the acquisition will occur in the third quarter of 2018 and that the dispensary will be located in Gambrills, Maryland.

- (d) The Corporation has entered into a definitive agreement with KSGNF, LLC, the holder of a license to operate a medical marijuana treatment center in the State of Florida, to purchase the assets or equity of KSGNF, LLC in exchange for a combination of cash and the Corporation equity. The Corporation also entered into a credit agreement and promissory note with KSGNF, LLC to lend up to \$1 million in working capital for the Florida business. It is anticipated that the closing of the acquisition will occur in the fourth quarter of 2018.

DESCRIPTION OF THE BUSINESS

General

The Corporation is a leading U.S. multi-state cannabis consumer goods corporation that reaches over 75 million Americans with a portfolio of cannabis brands and award-winning customer-first retail experiences that help people feel good and live better, every day.

As a vertically integrated corporation with a consumer-centric “house of brands” approach, the Corporation manufactures and sells a well-rounded suite of branded cannabis products, targeted towards different customer segments, including flower, concentrates for dabbing and vaporizing, edibles, and topicals. The Corporation successfully distributes its portfolio of brands to 100% of open and operating retail stores in its active markets in the states of Illinois, Nevada, Maryland, Pennsylvania, Massachusetts, Florida and Ohio, some of which the Corporation owns as part of a rapidly growing 50-store national chain of retail cannabis stores called RISE™ Dispensaries.

Headquartered in Chicago, Illinois, the Corporation owns 58 operational licenses across seven highly regulated U.S. markets and is dedicated to providing dignified access to safe and effective cannabis nationwide, while giving back to the communities in which they serve. Established in 2015, the Corporation employs over 300 people and serves hundreds of thousands of customers from coast to coast.

Summary Of Operating Businesses

The Corporation wholly owns and operates two distinct but accretive business units: a wholesale cannabis consumer packaged goods business (cultivation and manufacturing aka “the booze” in a prohibition analogy) and a national retail dispensary chain called RISE™ Dispensaries (“the bar”).

The manufacturing and retail businesses are operational today and vertically integrated across seven highly regulated, limited licensed, and therefore limited legal supply markets: Nevada, Illinois, Maryland, Massachusetts, Pennsylvania, Florida and Ohio. These markets, where supply and demand can be reasonably predicted and forecasted, create the foundation upon which the Corporation has created sustainable profitable growth.

Importantly, the Corporation is not yet active in markets popularized by mainstream media like California, Washington, Oregon and Colorado where loose regulatory frameworks create unpredictable supply-demand market dynamics.

This combination – ownership of wholesale and retail – supports the Corporation's strategy of distributing brands at scale.

With data at a premium in a nascent and highly fragmented industry, the reach, accessibility and deployment of the Corporation businesses across multiple states and operating segments enables the Corporation to analyze and deploy resources with confidence to satisfy the needs of consumers, customers, the business and investors.

House Of Brands Wholesale Cannabis Manufacturing And Distribution

The Corporation transforms raw cannabis flower into a “House of Brands” portfolio of consumer-packaged goods. Given the lack of a wholesale business to business marketplace for input ingredients

like raw cannabis flower and purified cannabis oil, the Corporation gains leverage from being vertically integrated, and currently controls and operates 100% of the production supply chain, from seed to sale, with focus and prioritization on margin protected, value-add branding, sales and marketing. As such, the Corporation focuses on long term sustainable value creation and capture by developing, manufacturing and distributing a portfolio of branded cannabis products.

Activity Summary of the Corporation Wholesale Manufacturing Business:

The Corporation Vertically-Integrated Manufacturing Activities
<p>CULTIVATION</p> <ul style="list-style-type: none"> • The Corporation grows a variety of cannabis flower strains satisfying high opportunity consumer need-states. • Current 260,000 square feet of cultivation and processing capacity, scaleable to 750,000 square feet.
<p>PROCESSING</p> <ul style="list-style-type: none"> • The Corporation processes raw flower into unique, formulated oils, using a variety of extraction and purification techniques (BHO, CO2, Ethanol)
<p>MANUFACTURING</p> <ul style="list-style-type: none"> • The Corporation manufactures, assembles and packages cannabis finished goods across a variety of product segments, including over 300 stock keeping units (“SKUs”) in product segments: <ul style="list-style-type: none"> ○ <i>Inhaleable</i>: flower, dabbable concentrates (e.g. budder, wax, crumble, shatter, live resin, sauce, terpene sugar), pre-filled vaporizer pens and cartridges ○ <i>Ingestible</i>: capsules, tinctures, edibles including chocolates, gummies, mints, fruit chews, dissolvable mouth strips ○ <i>Topical</i>: muscle cream, salve, lotion, trans-dermal patch
<p>SALES, MARKETING + DISTRIBUTION</p> <ul style="list-style-type: none"> • The Corporation markets, sells, and distributes a portfolio of cannabis brands to licensed retail dispensaries. The Corporation sells its branded products in 122 out of 125 stores) <ul style="list-style-type: none"> ○ The Corporation seeks to maintain significant share of shelf in owned retail outlets ○ The Corporation has 100% retail distribution of its brands in its operating markets, currently: <ul style="list-style-type: none"> ○ Illinois: distribution in 55 out of 55 stores ○ Maryland: distribution in 46 out of 46 stores ○ Pennsylvania: distribution in 21 out of 24 stores

Importantly, the Corporation does not strive to be a long-term cannabis farmer and anticipates that specialization and consolidation along the supply chain will force out high-cost providers, or those that fail to deliver a unique customer value proposition (such as small-batch craft or organic growers) and are therefore not capable of sustaining profit margin to withstand inevitable price compression of the commoditized portion of the supply chain.

The Corporation develops, manufactures and distributes a portfolio of branded cannabis products including brands such as rythm™ and Dogwalkers™, among others, to its retail partners, some of which the Corporation owns as a chain of retail stores called RISE™ branded dispensaries.

National 50-Store Retail Chain: RISE™ Dispensaries

Critical to converting the U.S.'s estimated \$70 billion industry¹ from illegal to legal, taxable, cannabis sales is the availability of safe and accessible outlets for the purchase of cannabis products. In U.S. markets with legal programs, this primarily takes place in brick-and-mortar retail stores.

Historic stigmatization and mis-information combined with rapid product innovation since the onset of the U.S. market, and the large number of new consumers into the legal market, makes the retail environment a key gatekeeper and steward of product education and efficacy to the end consumer.

With this in mind, the Corporation created RISE™ Dispensaries – an award-winning relationship-centric retail chain focused on delivering a high level of customer service through:

- high-engagement consumer interaction;
- a consultative, transparent and education-forward selling approach; and
- a consistently available and affordable variety of cannabis products.

All of the above takes place in a bright, uplifting environment modeled after other mainstream communal gathering spaces like a bar or a café, whose physical layout facilitates a sense of community, open dialogue, and empowerment. The outcome is consumer confidence that drives customer loyalty, purchase frequency, transaction size, which has enabled RISE™ to gain significant market share. To date, the Corporation retail portfolio has serviced over 11,000 unique medical customers and conducted over 25,000 transactions to recreational adult use consumers.



EXTERIOR OF RISE SILVER SPRING
Silver Spring, Maryland



RISE BETHESDA RETAIL FLOOR
Bethesda, Maryland



RISE ERIE SERVICE COUNTER
Erie, Pennsylvania



RISE AMHERST RETAIL + LOUNGE
Amherst, Massachusetts

¹ <https://www.bloomberg.com/news/articles/2018-06-05/wall-street-s-cannabis-investments-stay-hush-hush-due-to-stigma>

The Corporation is licensed for 50 retail stores nationwide, with 13 open and operating stores and is on schedule for several more to open by the end of 2018.

Navigating A Rapidly Evolving Industry With A Simple Business Plan: Enter, Open, Scale

For measured, scalable growth, the Corporation employs a simple business plan which characterizes three critical milestones to achieving operational success for both its wholesale and retail businesses: enter, open, scale.

- **Enter:** Identify and enter viable markets that support the Corporation's business model. Market entry occurs in two ways:
 - Apply and win a State-issued license in competitive merit-based application process:
 - The Corporation has won 17 of its 58 licenses;
 - Purchase or acquire a State-issued license from a third-party seller
 - The Corporation has a track record of successful M&A transactions and has purchased 40 of its 58 licenses.
- **Open:** Often an underestimated, yet critical stage on the path to operating, opening a licensed marijuana facility entails an intimate understanding of not only State, but local nuance, and importantly business operating experience:
 - State and local municipality and community dynamics;
 - Real estate identification that satisfies local zoning and permitting requirements (often marijuana facilities cannot be located within 500-1,000 feet of churches and child-gathering areas (i.e. schools, childcare facilities, parks and other play centers); and
 - Rigorously operate the business following key performance indicators for sustainable, profitable growth.
- **Scale:** Operating efficiency comes with realizing the benefits of scale. Across its business, the Corporation approaches scale in four key ways:
 - Current Market Wholesale Capacity Expansion
 - Current Market Retail Expansion.
 - New Market Expansion
 - Infrastructure

Importantly, inexperienced or underfunded management can and often fail to move beyond the first entry phase, where without an intimate understanding of how to navigate a complicated regulatory and capital constrained environment, operators run out of time and money in the pursuit of profitability. This rapid fallout fuels the Corporation's scale pipeline, which so far the Corporation has been able to capitalize.

Summary of the Corporation Wholesale Manufacturing and Retail Positions by Operating Market by Phase

Illinois

1. Manufacture

- *Enter:* Won three of 20 cultivation and processing licenses in competitive merit-based application process issued by the State in June 2015; located in Western and Central Illinois. the Corporation returned one of the three state-awarded licenses to the State because supply-demand market dynamics did not justify capital allocation to three separate manufacturing facilities.
- *Open:* November 2015: First to market selling and distributing branded wholesale cannabis products to retail dispensaries.
- *Scale:* 2018: indoor capacity expansion.

2. Retail

- *Enter:* Won one out of 55 retail licenses in competitive merit-based application process issued by the State in June 2015.
- *Open:* November 2015: First to open retail store and sell to registered consumers.
- *Scale:* May 2016 Acquired second retail store, opened September 2016; October 2017: the Corporation purchased two retail stores in high traffic Chicago suburbs.

Nevada

1. Manufacture

- *Enter:* Purchased one cultivation license and one processing license in March 2016.
- *Open:* Q2 2018 construction begins cultivation and processing facility.
- *Scale:* monitor market supply-demand and expand capacity accordingly.

2. Retail

- *Enter:* January 2016 the Corporation purchases two retail licenses from a third-party seller.
- *Open:* September 22, 2017 Opens first dispensary in Carson City, Nevada. January 1, 2018: the Corporation opens second store in Northern Nevada, 10 minutes from Nevada's third most populated city, Reno.
- *Scale:* 2018 the Corporation begins diligence for marquee retail in Las Vegas.

Maryland

1. Manufacture

- *Enter:* the Corporation earned a winning score for one of 15 cultivation licenses in the State's competitive, merit-based application process, but was not awarded the license. the Corporation partnered with Chesapeake Alternatives in a joint venture for the ownership and management of a processing license. The Corporation was awarded a cultivation license in April 2018.
- *Open:* December 2017 the Corporation is first to sell and distribute branded cannabis products to open Maryland retail dispensaries.
- *Scale:* April 2018 the Corporation begins expansion of production facility for the buildout of its cultivation facility.

2. Retail

- *Enter:* the Corporation wins one of 102 retail licenses in the State's competitive, merit-based application process. The Corporation partners with Chesapeake Alternatives in a joint venture for the ownership and management of a retail license.
- *Open:* December 2017 RISE™ Bethesda opens and begins sales of medical cannabis to licensed customers on the first day of retail sales in the State.
- *Scale:* January 2018: RISE™ Silver Spring opens; April 2018: RISE™ Joppa opens.

Pennsylvania

1. Manufacture

- *Enter:* June 2017 the Corporation earns the highest score and wins one of five vertically integrated cultivation and processing licenses in the State's competitive merit-based application process (a total of 12 cultivation/processing licenses were awarded; only five to companies who won cultivation and retail).
- *Open:* December 2017 the Corporation completes construction; May 2018: the Corporation begins selling and distributing branded cannabis products to open retail dispensaries.

- *Scale:* June 2018 the Corporation completes buildout of its processing laboratory.
2. Retail
 - *Enter:* June 2017 the Corporation earns the highest score and wins three of 80 retail licenses in the State's competitive merit-based application process for locations in Northwest and South Central, Pennsylvania.
 - *Open:* April 2017 the Corporation opens first dispensary in Erie County, RISE™ Erie.
 - *Scale:* Q1 2018 the Corporation manages 3 additional retail licenses from a third-party; May 2018 the Corporation completes buildout and opens second and third retail store in Pennsylvania, RISE™ Steelton and RISE™ Carlisle.

Massachusetts

1. Manufacture
 - *Enter:* November 2016 the Corporation wins two vertically integrated cultivation and processing licenses in application process; November 2017: the Corporation wins third.
 - *Open:* March 2016 - April 2018 the Corporation identifies real estate and constructs cultivation and processing facility in Holyoke, Western Massachusetts; Q4 2018: the Corporation to begin selling wholesale cannabis.
 - *Scale:* the Corporation on track for priority approval to convert license from medical only sales to allow sale of cannabis to adults aged 21+ in H2 2018.
2. Retail
 - *Enter:* the Corporation wins three retail licenses with the above vertically integrated application award.
 - *Open:* May 2018 the Corporation opened its first dispensary in Massachusetts: RISE™ Amherst, located in densely populated college town.
 - *Scale:* Second half of 2018 the Corporation to open second and third dispensary in Massachusetts.

Florida

1. Manufacture
 - *Enter:* the Corporation executed a definitive agreement for a vertically integrated cultivation/processing/retail license in Florida, on track to close the acquisition in the fourth quarter of 2018.
 - *Open:* Q4 2018 begin selling.
 - *Scale:* Continue to grow and develop portfolio.
2. Retail
 - *Enter:* the Corporation executed a definitive agreement for 25 retail license in Florida, on track to close the acquisition in the fourth quarter of 2018.
 - *Open:* May 2018 the Corporation on track to open its first dispensary in Florida, under the RISE™ banner in the fourth quarter of 2018.
 - *Scale:* the Corporation to continue pipeline of retail store openings.

Ohio

1. Retail
 - *Enter:* the Corporation is awarded five of 56 retail licenses in Ohio, the maximum allowed by the State, The licenses are located in major metro areas in Northern Ohio, including Cleveland and Toledo.
 - *Open:* the Corporation on track to open its first dispensary in Ohio, under the RISE™ banner, estimated Q4 2018.

- *Scale*: the Corporation to continue pipeline of retail store openings.

As wholly-owned and operated businesses, the Corporation's operating structure facilitates the rapid expansion and progression through the enter, open, and scale phases, such that the marginal cost of operating decreases with each new facility and enables the Corporation to deliver brand consistency from market to market.

Business Objectives of the Corporation

The principal business of the Corporation is to continue to execute on its established business plan of Enter, Open, Scale, which includes the continued operation of the Corporation's existing base business, and importantly executing on the Corporation's growth plans, which are characterized by four key strategies to deliver the ultimate goal to manufacture and distribute cannabis brands at scale:

1. New Market Expansion.
2. Expand Current Market Wholesale Capacity
3. Expand Current Market Retail Footprint
4. Build Infrastructure
5. New Market Expansion
 - a. *Ohio*: In June 2018 the Corporation was awarded five dispensary licenses.
6. Expand Current Market Wholesale Capacity
 - a. *Illinois*: Complete the construction and buildout of additional indoor cultivation capacity.
 - b. *Nevada*: Complete the construction and buildout of the Corporation's cultivation and processing facility in Northern Nevada, with estimated first sale of finished goods Q4 2018.
 - c. *Maryland*: Complete the construction and buildout of the indoor cultivation facility to serve as raw material input to the adjacent and already operating processing and manufacturing facility. In April 2018, the Corporation was awarded a cultivation license.
 - d. *Pennsylvania*: First sale and distribution of finished goods May 2018. Expand wholesale capacity
 - e. *Massachusetts*: Begin wholesale distribution of the Corporation's branded cannabis. The Corporation is currently growing cannabis in Massachusetts with estimated first sale of finished goods commencing Q4 2018.
 - f. *Brand Development & Distribution*:
 - i. Continue to maximize distribution of the suite of branded cannabis packaged goods to retail dispensaries in current operating markets.
 - ii. Invest in the development and marketing of additional branded products to exploit underserved market opportunities and consumer segments in current and new markets.
 - iii. Continue to identify and leverage current and new brand partnerships in which the Corporation acts as a co-manufacturing and sales and marketing partner both in current and new markets.
 - iv. Explore and execute on the co-manufacturing, licensing, or partnership of the Corporation developed branded products into other markets in which the Corporation does not currently own and operate a license to cultivate, process, manufacture, or sell cannabis.
7. Expand Current Market Retail Footprint
 - a. *Illinois*: Remodel and expand consumer throughput capacity of four currently operating retail stores. Stores will be remodeled and rebranded as RISE™.
 - b. *Nevada*: Continue due diligence on RISE™ Nevada retail footprint expansion, via mergers and acquisitions.

- c. *Maryland*: Open two RISE™ stores currently under construction.
 - d. *Massachusetts*: Commence construction, buildout and opening of second RISE™ Massachusetts location.
 - e. *Pennsylvania*: Open additional RISE™ stores.
 - f. *Florida*: Identify location, complete construction and open first of up to 25 RISE™ Florida locations.
8. Build High-Performing Infrastructure
- a. *Key Personnel Hires*: Continue to recruit and hire high-performing and experienced team members to lead and support growing operations in key business development areas: operations, field sales, retail, and branding and marketing, while minimizing turnover of current employee base, which is over 350 people nationally as of July 1, 2018. the Corporation was Voted one of Crain's Best Places to Work in 2018. Crain's is a weekly Business Publication².
 - b. *Technology*: Continue development and implementation of information technology systems for efficient intra-company data accessibility, storage, and security.

The Corporation is budgeting \$91,592,000 for expenses related to capital expenditures, regulatory fees, working capital and professional fees over the next 12 months.

Significant Events or Milestones

The principal milestones that must occur during the next 12 month period for the business objectives described above to be accomplished are as follows:

- (a) *New Facility Operations*: on-time and on-budget completion of both wholesale capacity expansion initiatives and retail openings.
- (b) *Hiring of Key Personnel*: Successful and timely hiring of key personnel to support execution of scale and growth initiatives.
- (c) *Execution of Business Model*: Current outlined projects are funded with a strong balance sheet. Significant market changes, or delayed facility openings, that impact revenue projections would necessitate additional capital to execute.
- (d) *Regulatory Approval*: The above growth objectives assume the timely approval from respective State regulatory agents including for facility expansion, updates and openings, as well as approval on materials for the purpose of branding, marketing and selling the Corporation's cannabis finished packaged goods, and marketing of the Corporation's retail stores, RISE™ dispensaries. Regulatory delays may affect outcomes.
- (e) *Industry-Wide Regulatory Changes*: The Corporation's activities assume current and relatively known anticipated regulatory environments, including the expansion of the Massachusetts market to include 21+ adult use sales and permitted wholesale distribution of finished good to third-party retailers in Massachusetts in the second half of 2018. Regulatory delays or changes may affect outcomes.

Principal Products or Services

the Corporation believes that brands distributed at scale will win. As such, it currently has and continues to develop a fast-growing "House of Brands" approach to the development, manufacture, sales, and marketing of finished cannabis consumer packaged goods for distribution to third-party retail outlets as well as its own national retail chain RISE™ dispensaries.

² <http://www.chicagobusiness.com/section/best-places-to-work-list>

The Corporation's House of Brands strategy means that unlike many of its competitors in the nascent cannabis industry, its finished cannabis consumer packaged goods are not named after the namesake the Corporation, but rather a suite of distinct lifestyle and aspirational brands developed leveraging unique consumer insights, customer and product segmentation and targeted use case. Proprietary analysis of consumer stated preferences, actual and anticipated purchase data, and primary and secondary market research enables the Corporation to capitalize on underserved or outsized market opportunities so that The Corporation's brand portfolio targets and meets a variety of unique consumer needs, now and anticipated in the future.

Currently, the Corporation manufactures, sells, and markets brands comprehensive of available and permitted U.S. product cannabis categories, including: flower, pre-rolls, dabbable concentrates (i.e. wax, budder, live resin, shatter, sauce, etc.), concentrates for vaping including disposable and pre-filled cartridges, capsules, tinctures, edibles (including: chocolates, gummies, mints, mouth strips), and topicals (including: cream, muscle freeze, transdermal patch).

The Corporation produces several strains and product formulations targeted to specific consumer use-cases and employs processing techniques including butane extraction, carbon dioxide extraction, ethanal extraction, and carbon filtering.

The Corporation maintains strict brand and quality assurance standards and implements standard operating procedures across its cultivation, processing and production facilities to ensure product continuity and customer experience across all operating markets. This includes the centrally-managed procurement of all equipment, packaging, and materials inputs.

The Corporation currently sells and distributes its suite of brands to 122 of 125 open retail dispensaries in its operating markets:

- *Illinois*: the Corporation sells and distributes its portfolio of brands to 55 out of 55 stores
- *Maryland*: the Corporation sells and distributes its portfolio of brands to 46 out of 46 stores
- *Pennsylvania*: the Corporation sells and distributes its portfolio of brands to 21 of 24 stores
- *Massachusetts*: sales to begin Q4 2018
- *Nevada*: sales to begin Q4 2018
- *Florida*: Florida is 100% vertically integrated; the Corporation will sell its suite of branded products through its own retail stores by year end 2018

Research and Development

The Corporation's research and development activities have primarily focused on developing and testing different nutrient blends and lighting as part of efforts to increase the efficiency of the processes used to produce its products.

The Corporation also experiments with plant spacing and yield trialing, cannabis variety trialing and breeding, and improved pest management techniques.

The Corporation also engages in research and development activities focused on developing new extracted or infused products.

The Corporation estimates that costs associated with their development will be approximately US\$5 million including costs associated with obtaining the necessary equipment for production. Research and development will be conducted by the Corporation.

Cultivation, Production and Sales

Each cultivation and processing facility focuses primarily on the commercialization of cannabis (recreational and/or medical, as indicated below), as well as the research and development of new strains of cannabis. At all of its facilities, the Corporation places a heavy emphasis on customer/patient safety, and maintaining strict quality control. The methods used in the Corporation's facilities result in several key

benefits, including consistent production of high quality product and the absence of product recalls and customer/patient complaints.

Pennsylvania: The facility located in Danville, Pennsylvania is comprised of a 70,000 square foot cultivation and processing facility and sits on a total of 10 acres of land. The production facility includes state-of-the-art production and extraction equipment. The first batch of plants were planted in December 2017 and sale of product commenced in May 2018.

Illinois: There are two cultivation/processing facilities in Illinois – one in Rock Island and one in Oglesby. The Rock Island facility is comprised of a 50,000 square foot cultivation and processing. The production facility includes state-of-the-art production and extraction equipment. The first batch of plants were planted in July 2015 and the facility has been in continuous production and sale of cannabis and cannabis products since that time. The Oglesby facility is comprised of a 50,000 square foot cultivation facility.

Massachusetts: The Corporation has one 45,000 square foot co-located cultivation/processing facility located in Holyoke, Massachusetts. The Holyoke facility is comprised of a 17,000 square foot cultivation facility co-located with a 3,000 square foot processing facility that is currently being built out. The production facility includes state-of-the-art production and extraction equipment. The first batch of plants were planted in April 2018 and it is anticipated that sale of product will commence in September 2018.

Maryland: The Corporation entered into a joint venture agreement with Chesapeake Alternatives for the management of a processing license, through which the Corporation operates a 6,000 square foot processing facility in Centreville, Maryland.

The U.S. Dispensary Distribution Model and Landscape: Complex and Highly Fragmented

Dispensaries are the only legal retail sales outlets from which consumers can purchase legal cannabis products. Consumer access to these retail outlets is critical in converting the U.S.'s estimated \$70 billion in legal demand to the legal market.³

The U.S. dispensary network is highly fragmented, state by state, with mom-and-pop ownership not unlike that of the U.S. convenience store network where gaining product distribution in each store is a complex undertaking: reliant on sophisticated sales teams selling products in demand by retail buyers on behalf of the consumers they serve.

Some operators only own dispensaries, and some only own and operate wholesale manufacturing facilities. Few own and operate both wholesale and dispensary businesses and leverage the combination of the two, in the way and at the scale that the Corporation does.

- **Supplier Power:** holding significant market share of packaged cannabis products enables the Corporation to create in-demand relationships with the dispensary networks in each respective market.
- **Buyer Power:**
 - owning large market share of retail stores positions the Corporation as large buyers of third-party cultivation and processed products.
 - owning and operating a national chain of retail stores puts the Corporation on the frontlines of direct interaction with the end consumer.

³ <https://www.investors.com/news/marijuana-sales-after-legalization-compares-with-beer-wine-cigarette-sales/>

The Corporation owns and operates a 50-store national chain of retail stores called RISE™ Dispensaries with mature revenue

With a deeply embedded community-minded philosophy, RISE™ takes on the name of each of the communities in which it operates (for example, RISE™ Carson City, located in Carson City, Nevada.) the Corporation wholly owns a national footprint of 50 retail licenses, with 13 stores open and operating with several more expected by the end of calendar year 2018.

In Illinois, the Corporation holds four of the 55 State-issued licenses. the Corporation was the first to sell cannabis to retail consumers on the first day of the program in November 2015.

The Corporation owns and operates two RISE™ stores in Northern Nevada, one in the state capital of Carson City and one in Reno Nevada. Open since September 2016 and January 2018, respectively, both stores currently sell state approved cannabis products to all adults aged 21+. RISE™ Carson City was voted Best Customer Service in 2017 by the Nevada Appeal, a Nevada-based news source, and is the Corporation's flagship training center⁴.

The Corporation manages five licenses for stores in Maryland, in Silver Spring, Bethesda, Joppa, Abingdon and Gambrills, Maryland.

In Pennsylvania, the Corporation manages six licenses for retail locations under the banner RISE™ in the Northwest and South Central regions. Three are open and operating with the balance on-schedule openings slated for Q3 2018, one of which is located on a hospital campus.

The Corporation holds licenses for three retail stores in Massachusetts, with the first the Corporation RISE™ Dispensary open in Amherst – one of the Nation's most densely populated college towns and what will be only one of three stores serving Western Massachusetts. The Corporation's remaining two stores are scheduled for openings in Q4 2018 – one will add to the Western Massachusetts fleet and the other located in the Eastern urban corridor.

The Corporation owns and operates 25 retail licenses serving the 21 million population in Florida. the Corporation is identifying real estate in marquee, high traffic locations for expected store openings by the end of 2018.

In June 2018, the Corporation was awarded the right for 5 medical marijuana dispensary licenses from the Ohio Board of Pharmacy. The locations of the Ohio dispensaries will be located across Northern Ohio. the Corporation also has a medical marijuana processing license application pending with the Ohio Board of Pharmacy, which is anticipated to announce processing license awardees by the 3rd Quarter 2018.

The Corporation aims to deliver a consistent, repeatable and reliable retail experience for consumers across its fleet of 50-stores, enabled by its corporate operating structure and rooted in delivering legendary customer service by offering a wide assortment of safe and tested cannabis products at fair prices.

The Art and Data Science of Merchandising: A Variety of Cannabis Products at Fair Prices

To meet the array of unique customer needs, the Corporation sells a variety of cannabis products at each of its RISE™ stores, totaling thousands of SKUs in managed inventory, comprehensive of product categories including: flower, concentrates for dabbing and for vaporizing (including disposable and pre-filled cartridges), topicals (bath and beauty products), and edibles (confection, beverages, snacks).

The Corporation's RISE™ stores sell cannabis products from a variety of licensed cultivator-manufacturers, including the Corporation's own portfolio of branded cannabis products. With shelf space

⁴ <https://www.nevadaappeal.com/news/local/2017-best-of-carson-city-winners-celebrated/>

at a premium as the final stop before the consumer purchase decision, the Corporation strives to maintain significant shelf space of its own manufactured and branded products in its owned retail outlets and significant market share in its dispensary customers to which it distributes.

All products sold have passed State-mandated third-party testing to assure they are free from toxins, microbials and other harmful substances, inventoried in comprehensive seed-to-sale tracking software to minimize product slippage and deviated inventory, and meet the Corporation's vendor requirements for quality assurance and reliability.

RISE™ dispensaries is not a low-cost provider, nor is it a boutique, premium outlet. Rather, the Corporation offers its variety at a range of price points following a "good, better, best" approach, offering opportunities for low barrier to entry trial as well as premium trade-up offerings.

A Business of Continual Optimization

With a framework and guidance provided from the corporate level, but executed across each market, the Corporation makes regular practice of internally reporting daily, weekly and monthly sales dashboards that are assessed for proper allocation and alignment of (i) mix and assortment with market dollar opportunity and (ii) mix of owned products and third-party product.

Further, the Corporation's scale of RISE™ Dispensaries in each of its operating markets allows it to make macro purchasing agreements with third-party suppliers for economies of scale on wholesale cost of goods. Common with other mainstream retailers, the Corporation recognizes hyper-local tastes and preferences and makes micro, retail level industry adjustments as warranted by regular analysis of key performance indicators.

Buying decisions are led by the store or region's General Manager with joint business planning from the Corporation's headquarters in Chicago.

Meet the Consumer where they are: Brick + Mortar, E-Commerce, and Delivery

As part of the Corporation's commitment to delivering legendary customer service, the Corporation believes in meeting consumers where they are in the purchase cycle.

While the Corporation's primary retail presence is traditional brick and mortar facilities, the Corporation's Nevada operations, compliant with State regulations, provide both medical and adult use customers the option of purchasing legal cannabis products via e-commerce through the Corporation's website, [RISEdispensaries.com](https://www.risedispensaries.com). There, registered and legal consumers can browse the full and current inventoried assortment, make product selections for purchase, and elect to pick up the order in-store or get it delivered direct to the consumer within two hours of ordering.

As regulations allow, the Corporation will continue to expand its e-commerce and pick up or direct to consumer delivery capabilities as part of its commitment to providing a consistent retail brand experience no matter where the consumer might be.

Regardless of how a consumer purchases cannabis from RISE™, the Corporation's operating scale enables capital share across markets to ensure the highest in-stock rates in order to maximize retail sales and customer satisfaction.

Specialized Skill and Knowledge

The Corporation is comprised of over 350 business professionals and entrepreneurs, recruited and employed for their respective areas of functional expertise commonly found in consumer packaged goods and retail businesses, including but not limited to: finance and accounting, legal and compliance, supply chain and operations, sales and marketing, commercial and cannabis agriculture, chemists, customer service, construction and project management, real estate, and human resources.

Intellectual Property

From the time the Corporation became licensed to cultivate marijuana, it has developed proprietary cultivation techniques. It has also developed certain proprietary intellectual property for operating butane extraction and carbon dioxide extraction and hydrocarbon extraction machinery, including best production practices, procedures, and methods. This requires specialized skills in cultivation, extraction and refining.

The Corporation has not registered any patents and is not in the process of registering patents.

The Corporation relies on non-disclosure/confidentiality agreements to protect its intellectual property rights. To the extent the Corporation describes or discloses its proprietary cultivation or extraction techniques in its applications for cultivation or processing licenses, the Corporation redacts or requests redaction of such information prior to public disclosure.

Competitive Conditions and Position

The Corporation's current operational footprint exists in state markets with relatively high barriers to entry and limited market participants. All three of the medical-only markets that the Corporation does business in (Illinois, Maryland, Pennsylvania) have written regulations that impose limitations on the number of business licenses that can be awarded. In all three of these markets, the Corporation has a proven track record of (i) entering the market through state-granted awards based on merit of application and business plan; and (ii) expanding market reach through accretive mergers, acquisitions, and partnership ventures. Given the limitations on market participation mandated by the state regulatory bodies, the Corporation's historical growth strategy has resulted in material gains in market share.

The recreational markets in which the Corporation operates in (Nevada and Massachusetts) have fewer barriers to entry and more closely reflect free market dynamics typically seen in mature retail and manufacturing industries. The growth of these markets poses a risk of increased competition. However, given the Corporation's runway as an original player in these states, which have historically been limited supply markets, management views the Corporation's market share as less at risk than operators without a current operating footprint. Additionally, the Corporation's historical business plan has been to open and operate in localities with limited competition. Management believes this mitigates the risk of increased statewide competitive exposure.

Given all the above, the Corporation still faces competition from other companies that may have a higher capitalization, access to public equity markets, more experienced management or may be more mature as a business. The vast majority of both manufacturing and retail competitors in our markets consist of localized businesses (i.e. doing business in only a single state market). There are a few multi-state operators that the Corporation competes directly with in multiple of the Corporation's operating markets. Aside from this direct competition, out-of-state operators that are capitalized well enough to enter those markets through acquisitive growth are also considered part of the competitive landscape. Similarly, as the Corporation executes its national U.S. growth strategy, operators in our future state markets will inevitably become direct competitors. See *Risk Factors – Competition*.

REGULATORY OVERVIEW

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* (“**Staff Notice 51-352**”), below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Corporation is currently directly involved through its subsidiaries. The Corporation's subsidiaries are directly engaged in the manufacture, possession, use, sale or distribution of cannabis in the recreational and/or medicinal cannabis marketplace in the States of Illinois, Nevada, Maryland, Pennsylvania, Massachusetts, Florida and Ohio. In accordance with Staff Notice 51-352, the Corporation will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance,

citations or notices of violation which may have an impact on the Corporation's license, business activities or operations will be promptly disclosed by the Corporation.

Regulation of Cannabis in the United States Federally

As of the January 16, 2018, the United States Supreme Court has ruled that Congress has the power to regulate cannabis.

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. A Schedule I controlled substance is defined as a substance that has no currently accepted medical use in the United States, a lack of safety for use under medical supervision and a high potential for abuse. The Department of Justice defines Schedule 1 drugs, substances or chemicals as "drugs with no currently accepted medical use and a high potential for abuse." **The United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.**

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical marijuana under the Access to Cannabis for Medical Purposes Regulations, marijuana is largely regulated at the state level in the United States.

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

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

Operational Foundation in Seven Highly Regulated, Oligopolistic Markets

the Corporation intends to execute its manufacturing and retail businesses across a national footprint of seven manufacturing and 50 retail facilities across seven regulated U.S. markets: Nevada, Illinois, Maryland, Pennsylvania, and Massachusetts, Florida and Ohio.

the Corporation is focused on identifying which among the 29 U.S. markets with legal cannabis programs, including Washington D.C., have the supply-demand market dynamics to support a relatively understood return on invested capital.

Following the thesis that distributing brands at scale will win, the Corporation enters markets where it can profitably and sustainably operate and command significant market share, and thus consumer and brand awareness. The regulatory framework installed by each respective State, not much different than the limited and controlled issuance of gaming or alcohol distributorship licenses, provide macro-level indication of sustainable and profitable market viability.

Below is a summary overview of the regulatory and subsequent competitive frameworks in each of the Corporation's operating markets and markets in which the Corporation intends to operate in the near to medium term:

KEY MARKET METRICS								
		ILLINOIS	NEVADA	MASSACHUSETTS	MARYLAND	PENNSYLVANIA	FLORIDA	OHIO
CONSUMER LANDSCAPE	POPULATION	13M	3M	7M	6M	13M	21M	12M
	REGULATORY LANDSCAPE	Very limited license	Limited license; Adult Use 21+	Limited license; Adult Use 21+	Limited license	Very limited license	Limited license	Very limited license
COMPETITIVE LANDSCAPE	WHOLESALE	20	180	35	15 ²	12	13	13 ⁴
	RETAIL	55	61	123	102	81	325	56
	 WHOLESALE	2	2	1	1	1	1	TBD ⁴
	 RETAIL ¹	4	2	3	5	6	25 ³	5
NOTES		Chronic pain or adult use on horizon	40M annual tourists	"Colorado of the East": Wholesale market on horizon	Chronic pain	Chronic pain	Chronic Pain	Chronic Pain

Notes⁵:

- (1) Refer below for current store openings and planned store openings.
- (2) Maryland issued separate licenses for cultivation and processing; 15 licenses were awarded for each.
- (3) the Corporation has executed a definitive agreement to acquire a medical marijuana license in the State of Florida, expected to close the fourth quarter of 2018.
- (4) Ohio issued two cultivation license tiers: 13 Tier I Large Scale; 12 Tier II Small Scale. GTI has applied for 1 of 40 Processing licenses, still to be awarded by the State.

Oligopolistic and Underserved Markets

The Corporation has successfully secured and operates in markets that are monopolistic or oligopolistic in nature, where there is limited supply and thus limited competition. This enables the Corporation to secure significant and growing captive demand and market share with its suite of branded cannabis consumer products, distributed to consumers through third party retailers as well as its own 50-store national retail chain, RISE™ Dispensaries (with 13 stores currently operating and at least 20 stores expected to be operating by the end of 2018).

Regulation of the Cannabis Market at State and Local Levels

Illinois

The *Compassionate Use of Medical Cannabis Pilot Program Act*, which allows individuals diagnosed with a debilitating medical condition access to medical marijuana, became effective January 1, 2014 and is extended through July 1, 2020. There are over 35 qualifying conditions as part of the medical program, including epilepsy, traumatic brain injury, and post-traumatic stress disorder ("PTSD"). The Corporation controls two of the 20 cultivation/processing licenses issued as well as four of the 60 retail

⁵ www.census.gov; Illinois Medical Cannabis Pilot Program. (2018 April 4). Overall Medical Cannabis Pilot Program Data, as of 3/31/2018. Retrieved from <https://www2.illinois.gov/sites/mcpp/Pages/update04042018.aspx>; <http://www.chicagotribune.com/news/local/breaking/ct-met-medical-marijuana-opioids-illinois-lawmakers-20180604-story.html>; Nevada Department of Taxation. (2018 April 18). Marijuana Program Overview. Retrieved from https://tax.nv.gov/Publications/Marijuana_Statistics_and_Reports/; Maryland Medical Cannabis Commission. (2018 April). Retrieved from direct communication with Maryland regulators in direct response to Company inquiry.; The Pennsylvania Department of Health. (2018 April). Marijuana Program Overview. Retrieved from direct communication with Pennsylvania regulators in direct response to Company inquiry.; The Medical Use of Marijuana Program. (2018 April 17). Massachusetts Medical Use of Marijuana Program: External Dashboard. Retrieved from <https://www.mass.gov/files/documents/2018/04/17/2018-3-external-dashboard.pdf>; Florida Department of Health, Office of Medical Marijuana Use; May 4, 2018 <http://www.floridahealth.gov/programs-and-services/office-of-medical-marijuana-use/ommu-updates/documents/180504-bi-weekly-update.pdf>; <https://www.medicalmarijuana.ohio.gov/>

dispensary licenses issued to service the entire state of over 12 million residents. Licenses were awarded based on merit in a highly competitive application process to applicants who demonstrated strong operational expertise and financial backing.

Illinois' retail market size for 2017 was over \$85 million, representing an over 140% year-over-year increase. In the first three calendar months of 2018, recorded state-wide sales are already over 1/3 of the total market size for all of 2017. The first quarter net revenues of 2018 represent an approximate 14% sequential increase over the fourth quarter of 2017.⁶

In March 2018, Cook County voters (which is by far and large the most populous county in the state, encompassing all of Chicago metro area) responded positively for state-wide recreational legalization with a 63% majority. Although the vote was non-binding, the voting leverage of Cook County, which encompasses more than 130 municipalities, is anticipated to play a significant role in the November 2018 gubernatorial elections for which numerous candidates have outwardly pledged their support for cannabis legislation.

The Corporation Licenses

The Corporation is licensed to operate in the state of Illinois as a medical cultivator, a medical product manufacturer and a retail dispensary. Table 1 below lists the licenses issued to the Corporation in respect of its operations in Illinois. Under applicable laws, the licenses permit the Corporation to cultivate, manufacture, process, package, sell, and purchase marijuana pursuant to the terms of the licenses, which are issued by the Department of Agriculture and the Department of Financial and Professional Regulation under the provisions of the Illinois Revised Statutes 410 ILCS 130. All licenses are, as of the date hereof, active with the State of Illinois. There are two categories of licenses in Illinois: (1) cultivation/processing and (2) dispensary. The licenses are independently issued for each approved activity for use at the Corporation facilities in Illinois.

All cultivation/processing establishments must register with Illinois Department of Agriculture. All dispensaries must register with the Illinois Department of Financial and Professional Regulation. If applications contain all required information and after vetting by officers, establishments are issued a medical marijuana establishment registration certificate. Registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email from the Department of Agriculture or Illinois Department of Financial and Professional Regulation and include a renewal form.

The licenses are independently issued for each approved activity for use at the Corporation facilities in Illinois. Please see below for a list of the licenses issued to the Corporation in respect of its operations in Illinois.

Licenses in the State of Illinois

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
The Clinic Effingham	DISP.00042	Effingham, IL	Expires on 08/22/2018	Illinois Dispensary License

⁶ Illinois Medical Cannabis Pilot Program. (2018 April 4). Overall Medical Cannabis Pilot Program Data, as of 3/31/2018. Retrieved from <https://www2.illinois.gov/sites/mcpp/Pages/update04042018.aspx>.

GTI Oglesby, LLC	1503060648	Oglesby, IL	Expires on 03/09/2019	Illinois Cultivation/Processing Operation Permit
GTI Rock Island, LLC	1503060649	Rock Island, IL	Expires on 03/09/2019	Illinois Cultivation/Processing Operation Permit
The Clinic Mundelein	DISP.00002	Mundelein, IL	Expires on 09/17/2018	Illinois Dispensary License
3C Compassionate Care Center	DISP.000027	Naperville, IL	Expires on 1/29/2019	Illinois Dispensary License
3C Compassionate Care Center	DISP.000011	Joliet, IL	Expires on 11/19/2018	Illinois Dispensary License

Illinois License and regulations

The retail dispensary licenses permit the Corporation to purchase marijuana and marijuana products from cultivation/processing facilities, and allows the sale of marijuana and marijuana products to registered patients.

The medical cultivation licenses permit the Corporation to acquire, possess, cultivate, manufacture/process into edible medical marijuana products and/or medical marijuana-infused products, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries.

Illinois Reporting Requirements

The state of Illinois uses BioTrack as the state's computerized track-and-trace ("T&T") system for seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements. the Corporation uses the commercial version of BioTrack as its in-house computerized seed to sale software, which integrates with the state's BioTrack program and captures the required data points for cultivation, manufacturing and retail as required in the Illinois Compassionate Use of Medical Cannabis Pilot Program Act.

Nevada

Nevada became a medical marijuana state in 2001. In 2013, Nevada legislature passed SB374, providing for state licensing of medical marijuana establishments. On November 8, 2016, Nevada voters passed NRS 435D by ballot initiative allowing for the sale of marijuana for adult use starting on July 1, 2017. There are 115 cultivators, 80 producers, and 61 dispensaries licensed for adult-use in the entire state. Approximately 75% of the state licensed marijuana operations exist within Clark county / Las Vegas city limits, representing an approximate 8,000 square foot area. The remaining 25% of licenses exist throughout the rest of the entire state.⁷

⁷ Nevada Department of Taxation. (2018 April 18). Marijuana Program Overview. Retrieved from https://tax.nv.gov/Publications/Marijuana_Statistics_and_Reports/

In the first eight months of Nevada adult use sales, recreational retail sales have been reported at over \$260 million, averaging almost \$33 million per month and trending materially higher than forecasts submitted by the Nevada Department of Taxation (the “DOT”)⁸. The state has opened up applications for additional adult use licenses and given priority to businesses with current licenses, allowing for greater opportunity for the Corporation to increase the Nevada footprint at an expedited pace.

The Corporation Licenses

The Corporation is licensed to operate in the state of Nevada as a Medical Cultivator, a Medical Product Manufacturer and a Retail Dispensary. Table 2 below lists the licenses issued to the Corporation in respect of its operations in Nevada. Under applicable laws, the licenses permit the Corporation to cultivate, manufacture, process, package, sell, and purchase marijuana pursuant to the terms of the licenses, which are issued by the DOT under the provisions of Nevada Revised Statutes section 453A. In 2016, the Corporation purchased via asset purchase agreements two provisional licenses of the state medical marijuana program for cultivation and manufacturing and two retail dispensaries. All provisional licenses are, as of the date hereof, active with the State of Nevada. All licenses are independently issued for each approved activity for use at the Corporation facilities in Nevada.

All marijuana establishments must register with DOT. If applications contain all required information and after vetting by officers, establishments are issued a medical marijuana establishment registration certificate. In a local governmental jurisdiction that issues business licenses, the issuance by DOT of a medical marijuana establishment registration certificate is considered provisional until the local government has issued a business license for operation and the establishment is in compliance with all applicable local governmental ordinances. Final registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email from DOT and include a renewal form. The renewal periods serve as an update for DOT on the licensee’s status toward active licensure.

The licenses are independently issued for each approved activity for use at the Corporation facilities. The table below lists the licenses issued to the Corporation in respect of its operations in Nevada.

Licenses in the State of Nevada

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
GTI NEVADA, LLC	Correspondence ID: 1700011452356	Carson City, NV	Expires on 12/31/2018	Nevada Adult Use Retail License
GTI NEVADA, LLC	Correspondence ID: 1700011452357	Sparks, NV	Expires on 11/30/2018	Nevada Adult Use Retail License
GTI NEVADA, LLC	Certificate #D099: 18900369179730863251	Carson City, NV	Renewal application pending; anticipated expiration 6/30/2019	Nevada Medicinal Retail License

⁸ <https://www.reviewjournal.com/news/pot-news/nevada-recreational-marijuana-sales-reach-41m-in-march/>

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
GTI NEVADA, LLC	Certificate #D097: 45491515276399795916	Spanish Springs, NV	Renewal application pending; anticipated expiration 6/30/2019	Nevada Medicinal Retail License
GTI NEVADA, LLC	Provisional C088: 83887504703736981918	Carson City, NV	Renewal application pending; anticipated expiration 6/30/2019	Nevada Medicinal Cultivator License
GTI NEVADA, LLC	Provisional P057: 88939271215332828859	Carson City, NV	Renewal application pending; anticipated expiration 6/30/2019	Nevada Medicinal Processor License

Nevada License and regulations

The retail dispensary licenses permit the Corporation to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities and marijuana from other retail stores, and allows the sale of marijuana and marijuana products to consumers.

The medical cultivation licenses permit the Corporation to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries, facilities for the production of edible medical marijuana products and/or medical marijuana-infused products, or other medical marijuana cultivation facilities.

The medical product manufacturing license permits the Corporation to acquire, possess, manufacture, deliver, transfer, transport, supply, or sell edible marijuana products or marijuana infused products to other medical marijuana production facilities or medical marijuana dispensaries

Nevada Reporting Requirements

The state of Nevada uses METRC as the state's computerized T&T system for seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements. the Corporation has designated an in-house computerized seed to sale software that integrate with METRC via API (GreenBits), which captures the required data points for cultivation, manufacturing and retail as required in Nevada Revised Statutes section 453A.

Maryland

In 2012, a State law was enacted in Maryland to establish a state-regulated medical marijuana program. Legislation was signed in May 2013 and the program became operational on December 1, 2017. The Maryland Medical Cannabis Commission regulates the state program and awarded operational licenses in a highly competitive application process. 102 dispensary licenses were awarded out of a pool of over 800 applicants while an original and 15 cultivation licenses were awarded out of a pool of over 150 applicants. The Corporation has controlling ownership over five retail dispensaries, one processing license, and one cultivation license.

As of April 2018, there were over 20,000 registered and certified patients in Maryland’s medical marijuana program and over 550 medical practitioners registered to certify patients as eligible.⁹ The program was written to allow access to medical marijuana for patients with any condition that is considered “severe” for which other medical treatments have proven ineffective, including chronic pain, nausea, seizures, glaucoma and PTSD. All major product forms are allowed for sale and consumption with the exception of edibles. Some market estimates peg the medical market size to reach approximately \$221 million by 2021.¹⁰ However, early indications of patient participation have trended toward much larger state-wide retail sales in the inaugural year of the program than originally forecasted.

In April 2018, Maryland lawmakers agreed to expand the state’s medical marijuana industry by awarding another 20 licenses, seven for cultivation and 13 for processing. One of the seven newly granted cultivation permits was awarded to the Corporation as a priority applicant and allowed for an immediate pathway to full supply chain integration for the Corporation.

The Corporation Licenses

The Corporation is licensed to operate retail medical cannabis dispensaries in the state of Maryland. Please see below for a list of the licenses issued to the Corporation in respect of its operations in Maryland. Under applicable laws, the licenses permit the Corporation to sell and purchase marijuana pursuant to the terms of the licenses, which are issued by the Natalie M. LaPrade Medical Cannabis Commission under the provisions of the Maryland Medical Cannabis Law, Section 13-3301 et seq. All licenses are, as of the date hereof, active with the State of Maryland. There are three categories of licenses in Maryland: (1) cultivation, (2) processing and (3) dispensary. The licenses are independently issued for each approved activity for use at the Corporation facilities in Maryland.

All cultivation, processing and dispensary establishments must register with the Natalie M. LaPrade Medical Cannabis Commission. If applications contain all required information and after vetting by officers, establishments are issued a medical marijuana establishment registration certificate. Registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email from the Natalie M. LaPrade Medical Cannabis Commission and include a renewal form.

The licenses are independently issued for each approved activity for use at the Corporation facilities in Maryland. The below table lists the licenses issued to the Corporation in respect of its operations in Maryland.

Licenses in the State of Maryland

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Chesapeake Alternatives LLC	P-17-00005	Centreville, MD	Expires on 08/29/2019	Maryland Processing License
Chesapeake Alternatives LLC	D-17-00010	Bethesda, MD	Expires on 11/20/2019	Maryland Dispensary License

⁹ Maryland Medical Cannabis Commission. (2018 April). Retrieved from direct communication with Maryland regulators in direct response to Company inquiry.

¹⁰ New Frontier Analytics. (2018 March). The Cannabis Industry Annual Report. Retrieved from <https://newfrontierdata.com/annualreport2017/>.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
GTI Maryland, LLC	D-17-00007	Silver Spring, MD	Expires on 11/20/2019	Maryland Dispensary License
Meshow, LLC	D-18-00021	Joppa, MD	Expires on 4/10/2020	Maryland Dispensary License
MGTM, LLC	Stage 1 Approval	Gambrills, MD	N/A	Maryland Dispensary License
Revolution Maryland Retail, LLC	Stage 1 Approval	Abingdon, MD	N/A	Maryland Dispensary License

Maryland License and regulations

The retail dispensary licenses permit the Corporation to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities and marijuana from other retail stores, and allows the sale of marijuana and marijuana products to registered patients.

The medical cultivation licenses permit the Corporation to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries, facilities for the production of edible medical marijuana products and/or medical marijuana-infused products, or other medical marijuana cultivation facilities.

The medical product manufacturing license permits the Corporation to acquire, possess, manufacture, deliver, transfer, transport, supply, or sell edible marijuana products or marijuana infused products to other medical marijuana production facilities or medical marijuana dispensaries.

Maryland Reporting Requirements

The state of Maryland uses Franwell Marijuana Enforcement Tracking Regulation and Compliance system (METRC) as the state's computerized T&T system for seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements. The Corporation uses Greenbits as its in-house computerized seed to sale software, which integrates with the state's Metrc program and captures the required data points for cultivation, manufacturing and retail as required in the Maryland Medical Cannabis law.

Pennsylvania

The Pennsylvania medical marijuana program was signed into law on April 17, 2016 under Act 16 and provided access to state residents with one of 17 qualifying conditions, including epilepsy, chronic pain, and PTSD. The state, which consists of over 12 million U.S. citizens and qualifies as the fifth largest population in the US, operates as a high-barrier market with very limited market participation. The state originally awarded only 12 licenses to cultivate/process and 27 licenses to operate retail dispensaries (which entitled holders to up to three medical dispensary locations). Out of the hundreds of applicants in each license category, the Corporation was awarded the maximum number of licenses and was awarded the highest total score for dispensary applications out of 280 applications and the highest total score for cultivation/processing out of 177 applications.

Retail sales opened in February 2018 to a limited number of retail locations across the state. The Corporation's first of six controlled dispensaries opened its doors on April 18, 2018. As of April 2018,

there were over 30,000 registered patients across the state which is quickly moving toward market size estimates of approximately \$700 million by 2020.¹¹

On March 22, 2018, it was announced that the final phase of the Pennsylvania medical marijuana program would initiate its rollout, which will include 13 additional cultivation/processing licenses and 23 additional dispensary licenses. The application period ran from April 2018 through May 17, 2018. the Corporation submitted multiple dispensary applications and anticipates that the Pennsylvania Department of Health will announce the license awards in the fourth quarter of 2018.

In the introductory months of the program, Pennsylvania’s medical marijuana dispensaries experienced supply shortages and were unable to keep up with statewide demand. It was announced on April 17, 2018 that dry flower would be included in the regulations as an approved product form for sale and consumption (in addition to the already approved forms of concentrates, pills, and tinctures). Simultaneously, it was announced that the list of qualifying conditions would expand from 17 to 21, including additions of cancer remission therapy and opioid-addiction therapy.

The Corporation Licenses

The Corporation is licensed to operate in the Commonwealth of Pennsylvania as a medical cannabis cultivator/processor and to operate 3 medical cannabis dispensaries. Table 4 below lists the licenses issued to the Corporation in respect of its operations in Pennsylvania. Under applicable laws, the licenses permit the Corporation to cultivate, manufacture, process, package, sell, and purchase medical marijuana pursuant to the terms of the licenses, which are issued by the Pennsylvania Department of Health under the provisions of Medical Marijuana Act (35 P.S. § § 10231.101 — 10231.2110) and Chapters 1141, 1151 and 1161 of the Pennsylvania regulations. All licenses are, as of the date hereof, active with the Commonwealth of Pennsylvania. There are two categories of licenses in Pennsylvania: (1) cultivation/processing and (2) dispensary. The licenses are independently issued for each approved activity for use at the Corporation facilities in Pennsylvania.

All cultivation/processing establishments must register with Pennsylvania Department of Health. All dispensaries must register with the Pennsylvania Department of Health. Registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Specifically, for licenses that the Corporation currently holds, each one has undergone renewal periods; the registration renewal applications are pending. Renewal requests are typically communicated through email from the Department of Agriculture or the Illinois Department of Financial & Professional Regulation and include a renewal form.

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

Licenses in the State of Pennsylvania

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
GTI Pennsylvania LLC	GP-4006-17	Danville, PA	Expires 6/20/19	State Grower/Processor Permit

¹¹ The Pennsylvania Department of Health. (2018 April). Marijuana Program Overview. Retrieved from direct communication with Pennsylvania regulators in direct response to Company inquiry.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
GTI Pennsylvania LLC	D-6002-17	Erie, PA	Expires 6/29/19	State Dispensary Permit (allows 3 dispensary locations)
KW Ventures Holdings, LLC	D-3025-17	Steelton, PA	Expires 6/29/2019	State Dispensary Permit (allows 3 dispensary locations)

Pennsylvania License and Regulations

The retail dispensary licenses permit the Corporation to purchase marijuana and marijuana products from cultivation/processing facilities, and allows the sale of marijuana and marijuana products to registered patients.

The medical cultivation licenses permit the Corporation to acquire, possess, cultivate, manufacture/process into edible medical marijuana products and/or medical marijuana-infused products, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries.

Pennsylvania Reporting Requirements

The Commonwealth of Pennsylvania uses MJ Freeway as the state's computerized T&T system for seed-to-sale. Individual licensees are required to use MJ Freeway to push data to the state to meet all reporting requirements. The Corporation uses MJ Freeway as its in-house computerized seed to sale software, which integrates with the state's MJ Freeway program and captures the required data points for cultivation, manufacturing and retail as required in the Pennsylvania medical marijuana laws and regulations.

Massachusetts

Massachusetts became the eighteenth state to legalize medical marijuana when voters passed a ballot in 2012. Adult use (recreational) marijuana is legal in Massachusetts as of December 15, 2016, following a ballot initiative in November of that year. The Department of Public Health is the regulatory body that oversees the medical marijuana program, including all cultivation, processing and dispensary facilities. The Cannabis Control Commission, a regulatory body created in 2018, oversees the recreational program, including licensing of adult use cultivation, processing and dispensary facilities.

The Medical Use of Marijuana Program of Massachusetts was established following the ballot question three in the 2012 general election. Subsequently, voters legalized adult-use marijuana access on election night 2016. Being one of only a few adult-use states on the East Coast and with the sale of all product forms allowed, Massachusetts is widely considered to be one of the biggest legal marijuana markets. As of April 2018, there were approximately 35 wholesale operating facilities licensed for business and 120 retail dispensaries licensed for consumer sales. State applications for adult-use sales commenced on April 17, 2018 and recreational sales are expected to begin in late summer 2018. The Corporation's status as an existing medical marijuana license holder (three licenses under controlling ownership) gives it priority certification for adult-use licensing.

As of March 31, 2018, Massachusetts had 24 retail dispensaries open for sales to over 48,000 registered and active patients across the state. In the eight months since July 1, 2017, over 235,000 ounces of medical marijuana were dispensed across the state. 2017 retail sales have been estimated at over \$100 million and are forecasted at over \$1 billion by 2020 with the implementation of recreational sales.¹²

The Corporation Licenses

Registered Marijuana Dispensaries (“RMDs”) are “vertically-integrated,” which means RMDs grow, process, and dispense their own marijuana. Under certain conditions, RMDs are able to acquire up to 45% of their annual inventory of product from other RMDs.¹³ An RMD must have a retail facility, as well as cultivation and processing operations. Some RMDs elect to do cultivation, processing and retail operations all in one location, which is commonly referred to as a “colocated” operation. An RMD may also choose to have a retail dispensary in one location and grow marijuana at a remote cultivation location. It may conduct the processing of the marijuana at either the retail dispensary location or the remote cultivation location. The remote cultivation location need not be in the same municipality or even the same county as the retail dispensary.

The Commonwealth of Massachusetts uses the MMJ Online system through the Virtual Gateway portal as the state’s computerized T&T system for seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements. The Company uses Leaf Logix as its in-house computerized seed to sale software, which integrates with the state’s program and captures the required data points for cultivation, manufacturing and retail as required in the Massachusetts medical marijuana laws and regulations.

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

Licenses in the State of Massachusetts

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
RISE Holdings, Inc.	Certificate: 32	Holyoke, MA	Expires 4/10/19	Cultivation/ Processing Certificate
Rise Holdings, Inc.	Certificate: 32	Amherst, MA	Expires 4/10/19	Dispensary Certificate
GTI– Massachusetts NP Corporation	N/A (to be sited)	Holyoke, MA	N/A	Dispensary Approval

¹² The Medical Use of Marijuana Program. (2018 April 17). Massachusetts Medical Use of Marijuana Program: External Dashboard. Retrieved from <https://www.mass.gov/files/documents/2018/04/17/2018-3-external-dashboard.pdf>.

¹³ 105 CMR 725.105(B)(2)(b)

Florida

In 2014, the Florida Legislature passed the Compassionate Use Act which was the first legal medical cannabis program in the state's history. The original Compassionate Use Act only allowed for low-THC cannabis (Charlotte's Web strain) to be dispensed and purchased by patients suffering from cancer and epilepsy.¹⁴

In 2016, the Legislature passed the Right To Try Act which allowed for full potency cannabis to be dispensed to patients suffering from a diagnosed terminal condition. Also in 2016, the Florida Medical Marijuana Legalization Initiative was introduced by citizen referendum and passed with a 71.3% majority on November 8. This language amended the state constitution and mandated an expansion of the state's medical cannabis program.

Amendment 2, and the expanded qualifying medical conditions, became effective on January 3, 2017. The Florida Department of Health, physicians, dispensing organizations, and patients are bound by Article X Section 29 of the Florida Constitution and 381.986 Florida Statutes.

On June 9, 2017, the Florida House of Representatives and Florida Senate passed respective legislation to implement the expanded program by replacing large portions of the existing Compassionate Use Act, which officially became law on June 23, 2017.

As of May 4, 2018, there were 106,348 patients in the registry, 13 approved medical marijuana treatment centers (of which six are cultivation only), and 34 approved retail dispensing locations¹⁵. The law regulating Amendment 2 provides for another four licenses to be issued for every 100,000 patients added to the state's medical marijuana registry and would allow growers to open 25 dispensaries, plus an additional five dispensaries for every 100,000 patients.¹⁶

The Corporation Licenses

The State of Florida Statutes 381.986(8)(a) provides a regulatory framework that requires licensed producers, which are statutorily defined as "Medical Marijuana Treatment Centers" ("MMTC"), to cultivate, process and dispense medical cannabis in a vertically integrated marketplace.

Licenses issued by the Department may be renewed biennially so long as the license meets the requirements of the law and the license holder pays a renewal fee. License holders can only own one license.

The license permits the sale of derivative products produced from extracted cannabis plant oil as medical cannabis to qualified patients to treat certain medical conditions in the State of Florida which conditions are delineated in Florida Statutes section 386.981. The state does not allow smoking of cannabis for medical use and does not permit the dispensing of whole flowers unless the whole flower is contained within a tamper proof container to be used with a vaporizing device. Under the terms of the License, the Corporation is permitted to sell medical cannabis only to qualified medical patients that are registered with the State. Only certified physicians who have successfully completed a medical cannabis

¹⁴ Florida Department of Health, Office of Medical Marijuana Use; May 4, 2018 <http://www.floridahealth.gov/programs-and-services/office-of-medical-marijuana-use/ommu-updates/documents/180504-bi-weekly-update.pdf>

¹⁵ Florida Department of Health, Office of Medical Marijuana Use; June 1, 2018 <http://www.floridahealth.gov/programs-and-services/office-of-medical-marijuana-use/ommu-updates/documents/180601-bi-weekly-update.pdf>

¹⁶ Marijuana Policy Project; October 10, 2017 <https://www.mpp.org/states/florida/>

educational program can register patients and their medical cannabis orders on the Florida Office of Compassionate Use Registry. Under the license, the Corporation can operate up to 25 dispensaries statewide. Currently, the dispensaries can be in any geographic location within the state as long as the local municipality's zoning regulations authorize such a use and the proposed site is zoned for a pharmacy and not within 500 feet of a church or school. In the State of Florida, only cannabis that is grown in the state can be sold in the state. As Florida is a vertically integrated system, the Corporation is able to cultivate, harvest, process and sell/dispense/deliver its own medical cannabis products. The State of Florida also allows the Corporation to make a wholesale purchase of medical cannabis from, or a distribution of medical cannabis to, another licensed dispensing organization within the state under certain circumstances such as crop failure.

Florida Reporting Requirements

The Florida Department of Health requires that any licensee establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the Florida Department of Health to data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of when marijuana seeds are planted, when marijuana plants are harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. Additionally, the Florida Department of Health also maintains a patient and physician registry and the Company must comply with all requirements and regulations relative to providing required data or proof of key events to said system.

Florida Licensing Requirements

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

Licenses in the State of Florida

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
KSGNF, LLC	MMTC	Homestead	N/A	Florida License to Operate a Medical Marijuana Treatment Center

Ohio

House Bill 523, effective on September 8, 2016, legalized medical marijuana in Ohio. The Ohio Medical Marijuana Control Program allows people with certain medical conditions, upon the recommendation of an Ohio-licensed physician certified by the State Medical Board, to purchase and use medical marijuana.

The three following state government agencies are responsible for the operation of Ohio's Medical Marijuana Control Program: (1) the Ohio Department of Commerce is responsible for overseeing medical marijuana cultivators, processors and testing laboratories; (2) the State of Ohio Board of Pharmacy is responsible for overseeing medical marijuana retail dispensaries, the registration of medical marijuana patients and caregivers, the approval of new forms of medical marijuana and coordinating the Medical Marijuana Advisory Committee; and (3) the State Medical Board of Ohio is responsible for certifying physicians to recommend medical marijuana and may add to the list of qualifying conditions for which medical marijuana can be recommended.

The Corporation Licenses

On June 4, 2018, the State of Ohio Board of Pharmacy awarded 56 medical marijuana provisional dispensary licenses. The licenses were awarded after an extensive review of 376 submitted dispensary applications.

Provisional licensees are authorized to begin the process of establishing a dispensary in accordance with the representations in their applications and the rules adopted by the State of Ohio Board of Pharmacy. Per rule, all provisional license holders have a maximum of six months to demonstrate compliance with the dispensary operational requirements to obtain a certificate of operation. Compliance will be determined through an inspection by a Board of Medical Marijuana Compliance Agent. Once a dispensary is awarded a certificate of operation, it can begin selling medical marijuana to Ohio patients and caregivers in accordance with Ohio laws and rules.

By rule, the State of Ohio Board of Pharmacy is limited to issuing up to 60 dispensary licenses across the state, but will have the authority to increase the number of licenses after September 8, 2018. Per the program rules, the Board will consider, on at least a biennial basis, whether enough medical marijuana dispensaries exist, considering the state population, the number of patients seeking to use medical marijuana, and the geographic distribution of dispensary sites.

The Corporation was awarded five provisional dispensary licenses, the maximum allowed by the State of Ohio Board of Pharmacy. the Corporation received the highest score in 10 of the 12 districts in which it applied. the Corporation will take all steps needed to meet the six month operational deadline at its five dispensary locations.

The Corporation applied for and did not receive a cultivation license. It has filed an administrative appeal of the denial of that license. the Corporation applied for a processing license in 2017 and is awaiting an announcement by the Ohio Department of Commerce as to the winners of processing licenses.

Compliance with Applicable State Law in the United States

The Corporation is classified as having a "direct" involvement in the U.S. marijuana industry and is in compliance with applicable licensing requirements and the regulatory framework enacted by each U.S. state in which it operates. the Corporation is not subject to any citations or notices of violation with applicable licensing requirements and the regulatory framework enacted by each applicable U.S. state which may have an impact on its licenses, business activities or operations.

The Corporation has in place a detailed compliance program headed by its Chief Compliance Counsel who oversees, maintains, and implements the compliance program and personnel. In addition to the Corporation's robust internal legal and compliance departments, the Corporation has state and local regulatory/compliance counsel engaged in every jurisdiction in which it operates.

The Corporation's compliance department oversees training for all employees, including on the following topics:

- compliance with state and local laws
- safe cannabis use
- dispensing procedures
- security and safety policies and procedures
- inventory control
- T&T training session
- quality control
- transportation procedures

The Corporation's compliance program emphasizes security and inventory control to ensure strict monitoring of cannabis and inventory from delivery by a licensed distributor to sale or disposal. Only authorized, properly trained employees are allowed to access the Corporation's computerized seed-to-sale system.

The Corporation's Chief Compliance Counsel monitors all compliance notifications from the regulators and inspectors in each market, timely resolving any issues identified. The Corporation keeps records of all compliance notifications received from the state regulators or inspectors and how and when the issue was resolved.

Further, the Corporation has created comprehensive standard operating procedures that include detailed descriptions and instructions for receiving shipments of inventory, inventory tracking, recordkeeping and record retention practices related to inventory, as well as procedures for performing inventory reconciliation and ensuring the accuracy of inventory tracking and recordkeeping. The Corporation maintains accurate records of its inventory at all licensed facilities. Adherence to the Corporation's standard operating procedures is mandatory and ensures that the Corporation's operations are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances, licenses and other requirements. The Corporation ensures adherence to standard operating procedures by regularly conducting internal inspections and ensures that any issues identified are resolved quickly and thoroughly.

In January 2018, United States Attorney General, Jeff Sessions rescinded the Cole Memorandum and thereby created a vacuum of guidance for enforcement agencies and the Department of Justice.¹⁷ As an industry best practice, despite the recent rescission of the Cole Memo, the Corporation continues to do the following to ensure compliance with the guidance provided by the Cole Memorandum:

- Ensure the operations of its subsidiaries are compliant with all licensing requirements that are set forth with regards to cannabis operation by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions. To this end, the Corporation retains appropriately experienced legal counsel to conduct the necessary due diligence to ensure compliance of such operations with all applicable
- The activities relating to cannabis business adhere to the scope of the licensing obtained – for example, in the states where only medical cannabis is permitted, the products are only sold to patients who hold the necessary documentation to permit the possession of the cannabis; and in the states where cannabis is permitted for adult recreational use, the products are only sold to individuals who meet the requisite age requirements;

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

- The Corporation only works through licensed operators, which must pass a range of requirements, adhere to strict business practice standards and be subjected to strict regulatory oversight whereby sufficient checks and balances ensure that no revenue is distributed to criminal enterprises, gangs and cartels; and
- The Corporation conducts reviews of products and product packaging to ensure that the products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

The Corporation will continue to monitor compliance on an ongoing basis in accordance with its compliance program and standard operating procedures. While the Corporation's operations are in full compliance with all applicable state laws, regulations and licensing requirements, such activities remain illegal under United States federal law. For the reasons described above and the risks further described in *Risk Factors* below, there are significant risks associated with the business of the Corporation. Readers are strongly encouraged to carefully read all of the risk factors contained in *Risk Factors*.

Ability to Access Public and Private Capital

Due to the present state of the laws and regulations governing financial institutions in the United States, banks often refuse to provide banking services to businesses involved in the marijuana industry. Consequently, the Corporation is not able to obtain bank financing in the United States or financing from other United States federally regulated entities.

The Corporation has historically, and continues to have, robust access to equity and debt financing from prospectus exempt (private placement) markets in the United States. The Corporation's executive team and board have extensive relationships with sources of private capital (such as funds and high net worth individuals).

In addition to the Corporation's working capital, the capital raised from its US\$45 million convertible promissory note private placement in April 2018, and the proceeds from the SR Offering, the Corporation expects to generate adequate cash to fund its continuing operations. The Corporation's business plan includes aggressive growth, both in the form of additional acquisitions and through facility expansion and improvements. Accordingly, the Corporation expects to raise additional capital, both in the form of debt and new equity offerings, during the next fiscal year.

There can be no assurance that additional financing will be available to the Corporation when needed or on terms which are acceptable. See *Risk Factors – Restricted access to banking* and *Risk Factors – Newly-established legal regime*.

RISK FACTORS

Marijuana remains illegal under U.S. federal law

Marijuana is a Schedule 1 controlled substance and is illegal under federal U.S. law. Even in those states in which the use of marijuana has been legalized, its use remains a violation of federal law. Since federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, strict enforcement of federal law regarding marijuana would harm the Corporation's business, prospects, results of operation, and financial condition.

Federal regulation of marijuana in the United States

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the *Access to Cannabis for Medical Purposes Regulations* (Canada) and the proposed regulation of recreational cannabis under the *Cannabis Act* (Canada), investors are cautioned that in the United States, cannabis is largely regulated at the State level. To date, a total of 29 states, plus the District of Columbia, have legalized cannabis in some form.

Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a Schedule 1 controlled substance under the Controlled Substances Act (the "**CSA**") in the United States and as such, remains illegal under federal law in the United States.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the "**Cole Memorandum**") addressed to all United States district attorneys acknowledging that, notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several states had enacted laws relating to cannabis for medical purposes.

The Cole Memorandum outlined the priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice never provided specific guidelines for what regulatory and enforcement systems it deemed sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority.

In March 2017, the newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit. However, on January 4, 2018, Mr. Sessions issued a new memorandum that rescinded and superseded the Cole Memorandum effective immediately (the "**Sessions Memorandum**")¹⁸. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to marijuana activities. The inconsistency between federal and state laws and regulations is a major risk factor.

As a result of the Sessions Memorandum, federal prosecutors will now be free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active federal prosecutors will be in relation to such activities. Furthermore, the Sessions Memorandum did not discuss the treatment of medical cannabis by federal prosecutors. Medical cannabis is currently protected against enforcement by enacted legislation from United States Congress in the form of the Leahy Amendment to H.R.1625 – a vehicle for the Consolidated Appropriations Act of 2018 which similarly prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to Congress restoring such funding. Due to the ambiguity of the Sessions Memorandum, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law.

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

¹⁸ U.S. Dept. of Justice. (2018). *Memorandum for all United States Attorneys re: Marijuana Enforcement*. Washington, DC: US Government Printing Office. Retrieved from <https://www.justice.gov/opa/press-release/file/1022196/download>.

Attorneys to take their cues on enforcement priority directly from Attorney General Jeff Sessions by referencing federal law enforcement priorities set by Attorney General Jeff Sessions. If the Department of Justice policy under Attorney General Jeff Sessions was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Corporation could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis.

Notably, current federal law (in the form of budget bills) prevents the Department of Justice from expending funds to intervene with states' rights to legalize cannabis for medical purposes. In the event Congress fails to renew this federal law in its next budget bill, the foregoing protection for medical cannabis operators will be void.

Now that the Cole Memorandum has been repealed by Attorney General Jeff Sessions, the Department of Justice under the current administration or an aggressive federal prosecutor could allege that the Corporation and its Board and, potentially its shareholders, "aided and abetted" violations of federal law by providing finances and services to its portfolio cannabis companies. Under these circumstances, it is possible that the federal prosecutor would seek to seize the assets of the Corporation, and to recover the "illicit profits" previously distributed to shareholders resulting from any of the foregoing financing or services. In these circumstances, the Corporation's operations would cease, shareholders may lose their entire investment and directors, officers and/or shareholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison.

On January 12, 2018, the Canadian Securities Administrators issued a statement that they were considering whether the disclosure-based approach for issuers with U.S. marijuana-related activities remains appropriate in light of the rescission of the Cole Memorandum.

Notwithstanding the foregoing, in March 2018, as part of the Congressional omnibus spending bill, Congress renewed, through the end of September 2018, the Rohrabacher Blumenauer Amendment ("RBA") which prohibits the Department of Justice from expending any funds for the prosecution of medical cannabis businesses operating in compliance with state and local laws. Should the RBA not be renewed upon expiration in subsequent spending bills there can be no assurance that the federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law. Such potential proceedings could involve significant restrictions being imposed upon the Corporation or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition as well as the Corporation's reputation, even if such proceedings were concluded successfully in favour of the Corporation.

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

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Corporation, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded common shares. In addition, it is difficult to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may

be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Leahy Amendment

The Leahy Amendment, as discussed above, prohibits the Department of Justice from spending funds appropriated by Congress to enforce the tenets of the CSA against the medical cannabis industry in states which have legalized such activity. This amendment has historically been passed as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term. The Leahy Amendment will expire with the Fiscal Year 2018 on September 30, 2018. At such time, it may or may not be included in the Fiscal Year 2019 omnibus appropriations package or a continuing budget resolution, and its inclusion or non-inclusion, as applicable, is subject to political changes.

U.S. state regulatory uncertainty

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

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

On June 14, 2018, the Maryland Medical Cannabis Commission issued Bulletin 2018-009, which states that an individual or entity may only own or invest in one business within each license category, meaning that an individual or entity may not hold an interest in more than one Maryland licensed grower, more than one licensed processor, or more than one licensed dispensary. The Bulletin may increase the risk that GTI does not obtain regulatory approval for its intended purchase of additional Maryland dispensary licenses.

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

The Corporation currently and following the Transaction intends to operate in Illinois, Nevada, Massachusetts, Maryland, Pennsylvania, Florida and others as deemed appropriate by management.

Restricted access to banking

In February 2014, the Financial Crimes Enforcement Network ("**FinCEN**") bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements.¹⁹ This guidance does not provide any safe harbors or legal defenses from examination or

¹⁹ Department of the Treasury Financial Crimes Enforcement Network. (2014). *Guidance re: BSA Expectations Regarding Marijuana-Related Businesses* (FIN-2014-G001). Retrieved from <https://www.fincen.gov/resources/statutes-regulations/guidance/bsa-expectations-regarding-marijuana-related-businesses>.

regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Corporation may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it resides in permits cannabis sales. The inability or limitation in the Corporation's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Corporation to operate and conduct its business as planned or to operate efficiently.

Heightened scrutiny by Canadian regulatory authorities

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

It had been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("**CDS**"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settling trades in the

Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("**MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSXV.²⁰ The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the common shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of common shares to make and settle trades. In particular, the common shares would become highly illiquid until an alternative was implemented, investors would have no ability to effect a trade of the common shares through the facilities of the applicable stock exchange.

Regulatory scrutiny of the Corporation's interests in the United States

For the reasons set forth above, the Corporation's interests in the United States cannabis market, and future licensing arrangements, may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. As a result, the Corporation may be

²⁰ Memorandum from The Canadian Depository for Securities, Aequitas NEO Exchange Inc., CNSX Markets Inc., TSX Inc., and TSX Venture Exchange Inc. (8 February 2018). Retrieved from <https://www.cds.ca/resource/en/249/>.

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 Corporation's ability to carry on its business in the United States.

Constraints on marketing products

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

Unfavorable tax treatment of cannabis businesses

Under Section 280E ("**Section 280E**") of the United States Internal Revenue Code of 1986 as amended (the "**U.S. Tax Code**"), "no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted." This provision has been applied by the U.S. Internal Revenue Service to cannabis operations, prohibiting them from deducting expenses directly associated with the sale of cannabis. Section 280E therefore has a significant impact on the retail side of cannabis, but a lesser impact on cultivation and manufacturing operations. A result of Section 280E is that an otherwise profitable business may, in fact, operate at a loss, after taking into account its U.S. income tax expenses.

Risk of Civil Asset Forfeiture

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

Proceeds of crime statutes

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

In the event that any of the Corporation's license agreements, or any proceeds thereof, in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could be materially adverse to the Corporation and, among other things, could restrict or otherwise jeopardize the ability of the Corporation to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

United States tax classification of the Corporation

The Corporation, which is and will continue to be a Canadian corporation as of the date of this AIF, generally would be classified as a non-United States corporation under general rules of United States federal income taxation. Section 7874 of the U.S. 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. Under section 7874 of the U.S. 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.

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

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

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

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

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

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

Security Risks

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

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

Limited trademark protection

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

The Corporation May be Exposed to Infringement or Misappropriation Claims by Third Parties, Which, if Determined Adversely to the Corporation, Could Subject the Corporation to Significant Liabilities and Other Costs

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

Currency Fluctuations

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

Lack of access to U.S. bankruptcy protections

Because the use of cannabis is illegal under federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the Corporation were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to the Corporation, which would have a material adverse effect.

Potential FDA regulation

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

Legality of contracts

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

Unfavourable Publicity or Consumer Perception

Proposed management of the Corporation believes the recreational cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the recreational cannabis produced. Consumer perception of the Corporation’s proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of recreational cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Corporation’s proposed products and the business, results of operations, financial condition and cash flows of the Corporation. The Corporation’s dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Corporation, the demand for the Corporation’s proposed products, and the business, results of operations, financial condition and cash flows of the Corporation. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of recreational cannabis in general, or the Corporation’s proposed products specifically, or associating the consumption of recreational cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers’ failure to consume such products appropriately or as directed.

Voting Control

As a result of the Super Voting Shares that they hold, Benjamin Kovler, the Corporation’s Chairman and Founder, Pete Kadens, the Corporation’s Chief Executive Officer, Andrew Grossman, the Corporation’s Head of Capital Markets and Anthony Georgiadis, the Corporation’s Chief Financial Officer exercise a significant majority of the voting power in respect of the Corporation’s outstanding shares. The Subordinate Voting Shares are entitled to one vote per share, Multiple Voting Shares are entitled to 100

votes per share, and the Super Voting Shares are entitled to up to 1,000 votes per share. As a result, Mr. Kovler, Mr. Kadens, Mr. Grossman and Mr. Georgiadis, have the ability to control the outcome of all matters submitted to the Corporation's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Corporation.

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

Unpredictability Caused by Anticipated Capital Structure and Voting Control

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

The Corporation is a holding company

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

Sales of substantial amounts of Subordinate Voting Shares may have an adverse effect on the market price of the Subordinate Voting Shares

Sales of substantial amounts of Subordinate Voting Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Subordinate Voting Shares. A decline in the market prices of the Subordinate Voting Shares could impair the Corporation's ability to raise additional capital through the sale of securities should it desire to do so.

Volatile market price for the Subordinate Voting Shares

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

- actual or anticipated fluctuations in the Corporation's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Corporation will operate;
- addition or departure of the Corporation's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Subordinate Voting Shares;

- sales or perceived sales of additional Subordinate Voting Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Corporation's industry generally and its business and operations both domestically and abroad;
- announcements of developments and other material events by the Corporation or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Corporation or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Corporation's industry or target markets.

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

Liquidity

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

Increased costs as a result of being a public company

As a public issuer, the Corporation is subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Corporation's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Corporation's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business, financial condition, and results of operations.

Future acquisitions or dispositions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Corporation's ongoing business; (ii) distraction of management; (iii) the Corporation may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Corporation's operations; and (vi) loss or reduction of control over certain of the Corporation's assets. Additionally, the Corporation may issue additional Subordinate Voting Shares in connection with such transactions, which would dilute a shareholder's holdings in the Corporation.

The presence of one or more material liabilities of an acquired company that are unknown to the Corporation at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Corporation. A strategic transaction may result in a significant change in the nature of the Corporation's business, operations and strategy. In addition, the Corporation may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Corporation's operations.

Corporation's products

As a relatively new industry, there are not many established players in the recreational cannabis industry whose business model the Corporation can follow or build on the success of. Similarly, there is no information about comparable companies available for potential investors to review in making a decision about whether to invest in the Corporation.

Shareholders and investors should further consider, among other factors, the Corporation's prospects for success in light of the risks and uncertainties encountered by companies that, like the Corporation, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur and they may result in material delays in the operation of the Corporation's business. The Corporation may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Corporation fails to do so, it could materially harm the Corporation's business to the point of having to cease operations and could impair the value of the common shares to the point investors may lose their entire investment.

The Corporation expects to commit significant resources and capital to develop and market existing products and new products and services. These products are relatively untested, and the Corporation cannot assure shareholders and investors that it will achieve market acceptance for these products, or other new products and services that the Corporation may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require the Corporation to attract additional qualified employees. The failure to successfully develop and market these new products and services could seriously harm the Corporation's business, financial condition and results of operations.

Risks inherent in an agricultural business

The Corporation's business involves the growing of recreational cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy costs

The Corporation's recreational cannabis growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Corporation and its ability to operate profitably.

Unknown environmental risks

There can be no assurance that the Corporation will not encounter hazardous conditions at the site of the real estate used to operate its businesses, such as asbestos or lead, in excess of expectations that may delay the development of its businesses. Upon encountering a hazardous condition, work at the facilities of the Corporation may be suspended. If the Corporation receives notice of a hazardous condition, it may be required to correct the condition prior to continuing construction. The presence of other hazardous conditions will likely delay construction and may require significant expenditure of the Corporation's resources to correct the condition. Such conditions could have a material impact on the investment returns of the Corporation.

Reliance on management

A risk associated with the production and sale of recreational cannabis is the loss of important staff members. Success of the Corporation will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Corporation's business, operating results or financial condition.

Insurance and uninsured risks

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Corporation intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Corporation is not generally available on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Emerging Industry

The recreational cannabis industry is emerging. There can be no assurance that an active and liquid market for shares of the Corporation will develop and shareholders may find it difficult to resell their Subordinate Voting Shares. Accordingly, no assurance can be given that the Corporation or its business will be successful.

Dependence on key inputs, suppliers and skilled labour

The marijuana business is dependent on a number of key inputs and their related costs including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition, results of operations or prospects of the Corporation. 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 Corporation might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Corporation in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of the Corporation.

The ability of the Corporation to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Corporation will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Corporation.

Difficulty to forecast

The Corporation must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the recreational cannabis

industry in the states in which the Corporation's business will operate. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

Management of growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Internal controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Corporation under Canadian securities law, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's consolidated financial statements and materially adversely affect the trading price of the Subordinate Voting Shares.

Litigation

The Corporation 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 Corporation becomes involved be determined against the Corporation such a decision could adversely affect the Corporation's ability to continue operating and the market price for the Subordinate Voting Shares and could use significant resources. Even if the Corporation is involved in litigation and wins, litigation can redirect significant resources of the Corporation and/or the Corporation.

Product liability

The Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Corporation's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Corporation's products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury or illness or death, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations and financial condition of the Corporation. There can be no assurances that the Corporation will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Corporation's potential products.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Corporation's products are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Corporation has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Corporation's significant brands were subject to recall, the image of that brand and the Corporation could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Corporation's products and could have a material adverse effect on the results of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the Corporation's operations by the U.S. Food and Drug Administration, or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Results of Future Clinical Research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as cannabidiol (“**CBD**”) and tetrahydrocannabinol (“**THC**”)) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Corporation believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of Subordinate Voting Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this AIF or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Corporation's products with the potential to lead to a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

Competition

The Corporation will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Corporation.

Because of the early stage of the industry in which the Corporation operates, the Corporation expects to face additional competition from new entrants. If the number of users of recreational cannabis in the states in which the Corporation will operate its business increases, the demand for products will increase and the Corporation expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Corporation will require a continued high level of investment in research and development, marketing, sales and client support. The Corporation may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of its operations.

A decline in the price of the Subordinate Voting Shares could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of the Subordinate Voting Shares could result in a reduction in the liquidity of its Subordinate Voting Shares and a reduction in its ability to raise capital. Because a

significant portion of the Corporation's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Corporation's liquidity and its operations. Such reductions may force the Corporation to reallocate funds from other planned uses and may have a significant negative effect on the Corporation's business plan and operations, including its ability to develop new products and continue its current operations. If the Corporation's stock price declines, it can offer no assurance that the Corporation will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Corporation is unable to raise sufficient capital in the future, the Corporation may not be able to have the resources to continue its normal operations.

Newly established legal regime

The Corporation's business activities will rely on newly established and/or developing laws and regulations in the states in which it operates. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Corporation's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the FDA, Securities and Exchange Commission, the Department of Justice, the Financial Industry Regulatory Advisory or other federal or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the industry may adversely affect the business and operations of the Corporation, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital.

General economic risks

The Corporation's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and spending and, consequently, impact the Corporation's sales and profitability.

DIVIDENDS AND DISTRIBUTIONS

The Corporation has not declared distributions on Subordinate Voting Shares in the past. The Corporation currently intends to reinvest all future earnings to finance the development and growth of its business. As a result, the Corporation does not intend to pay dividends on Subordinate Voting Shares in the foreseeable future. Any future determination to pay distributions will be at the discretion of the board of directors ("**Board of Directors**") and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of distributions and any other factors that the Board of Directors deems relevant. The Corporation is not bound or limited in any way to pay dividends in the event that the Board of Directors determined that a dividend was in the best interest of its shareholders.

DESCRIPTION OF CAPITAL STRUCTURE

Description of the Corporation's Securities

The Corporation is authorized to issue an unlimited number of Subordinate Voting Shares, an unlimited number of Multiple Voting Shares and an unlimited number of Super Voting Shares. The outstanding capital of the Corporation consists of: (i) 11,245,439 Subordinate Voting Shares; (ii) 863,941 Multiple Voting Shares (which includes securities to be issued in connection with an acquisition); and 433,409 Super Voting Shares.

Take-Over Bid Protection

Under applicable Canadian law, an offer to purchase Super Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares or Multiple Voting Shares. In accordance with the rules applicable to most senior issuers in Canada, in the event of a take-over bid, the

holders of Subordinate Voting Shares or of Multiple Voting Shares will be entitled to participate on an equal footing with holders of Super Voting Shares. The Principals, as the owners of all the outstanding Super Voting Shares, entered into a customary coattail agreement with the Corporation and a trustee (the “**Coattail Agreement**”). The Coattail Agreement contains provisions customary for dual class, listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares or of Multiple Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Super Voting Shares had been Subordinate Voting Shares or Multiple Voting Shares.

The undertakings in the Coattail Agreement do not apply to prevent a sale by any Principal of Super Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares and Multiple Voting Shares that:

- (a) offers a price per Subordinate Voting Share or Multiple Voting Share (on an as converted to Subordinate Voting Share basis) at least as high as the highest price per share paid pursuant to the take-over bid for the Super Voting Shares (on an as converted to Subordinate Voting Share basis);
- (b) provides that the percentage of outstanding Subordinate Voting Shares or Multiple Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Super Voting Shares to be sold (exclusive of Super Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);
- (c) has no condition attached other than the right not to take up and pay for Subordinate Voting Shares or Multiple Voting Shares tendered if no shares are purchased pursuant to the offer for Super Voting Shares; and
- (d) is in all other material respects identical to the offer for Super Voting Shares.

In addition, the Coattail Agreement does not prevent the transfer of Super Voting Shares by a Principal to a Permitted Holder (as defined below). The conversion of Super Voting Shares into Multiple Voting Shares, whether or not such Multiple Voting Shares are subsequently sold or converted into Subordinate Voting Shares, would not constitute a disposition of Super Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any disposition of Super Voting Shares (including a transfer to a pledgee as security) by a holder of Super Voting Shares party to the agreement will be conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Super Voting Shares are not automatically converted into Multiple Voting Shares in accordance with the Articles.

The Coattail Agreement contains provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares or of the Multiple Voting Shares. The obligation of the trustee to take such action is conditional on the Corporation or holders of the Subordinate Voting Shares or of the Multiple Voting Shares, as the case may be, providing such funds and indemnity as the trustee may require. No holder of Subordinate Voting Shares or of Multiple Voting Shares, as the case may be, has the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares or of Multiple Voting Shares, as the case may be, and reasonable funds and indemnity have been provided to the trustee. The Corporation has agreed to pay the reasonable costs of any action that may be taken in good faith by holders of Subordinate Voting Shares or of Multiple Voting Shares, as the case may be, pursuant to the Coattail Agreement.

The Coattail Agreement provides that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a)

the consent of any applicable securities regulatory authority in Canada and (b) the approval of at least 66-2'3% of the votes cast by holders of Subordinate Voting Shares and 662'3% of the votes cast by holders of Multiple Voting Shares excluding votes attached to Subordinate Voting Shares and to Multiple Voting Shares, if any, held by the Principal Shareholders, their affiliates and any persons who have an agreement to purchase Super Voting Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement limits the rights of any holders of Subordinate Voting Shares or of Multiple Voting Shares under applicable law.

Subordinate Voting Shares (formerly post-consolidation common shares of Bayswater)

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

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

Conversion In the event that an offer is made to purchase Multiple Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Multiple Voting Shares are then listed, to be made to all or substantially all the holders of Multiple Voting Shares in a given province or territory of Canada to which these requirements apply, each Subordinate Voting Share shall become convertible at the option of the holder into Multiple Voting Shares at the inverse of the Conversion Ratio then in effect at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Multiple Voting Shares pursuant to the offer, and for no other reason. In such event, the Corporation's transfer agent shall deposit the resulting Multiple Voting Shares on behalf of the holder. Should the Multiple Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Multiple Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Corporation or on the part of the holder, into Subordinate Voting Shares at the Conversion Ratio then in effect.

Multiple Voting Shares

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

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

Dividends	<p>The holders of the Multiple Voting Shares are entitled to receive such dividends as may be declared and paid to holders of the Subordinate Voting Shares in any financial year as the Board of the Corporation may by resolution determine, on an as-converted to Subordinate Voting Share basis. No dividend will be declared or paid on the Multiple Voting Shares unless the Corporation simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Super Voting Shares.</p>
Participation	<p>In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Multiple Voting Shares will, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Multiple Voting Shares, be entitled to participate rateably along with all other holders of Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis)</p>
Changes	<p>No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.</p>
Conversion	<p>The Multiple Voting Shares each have a restricted right to convert into 100 Subordinate Voting Shares (the “Conversion Ratio”), subject to adjustments for certain customary corporate changes. The ability to convert the Multiple Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended, may not exceed forty percent (40%) of the aggregate number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares issued and outstanding after giving effect to such conversions and to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In addition, the Multiple Voting Shares will be automatically converted into Subordinate Voting Shares in certain circumstances, including upon the registration of the Subordinate Voting Shares under the United States Securities Act of 1933, as amended.</p> <p>In the event that an offer is made to purchase Subordinate Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Subordinate Voting Shares are then listed, to be made to all or substantially all the holders of Subordinate Voting Shares in a given province or territory of Canada to which these requirements apply, each Multiple Voting Share shall become convertible at</p>

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

Super Voting Shares

Right to Vote

Holders of Super Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation have the right to vote. At each such meeting, holders of Super Voting Shares are entitled to 1000 votes in respect of each Subordinate Voting Share into which such Super Voting Share could ultimately then be converted (currently 1,000 votes per Super Voting Share held).

Class Rights

As long as any Super Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Additionally, consent of the holders of a majority of the outstanding Super Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Super Voting Shares will have one vote in respect of each Super Voting Share held. The holders of Super Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, bonds, debentures or other securities of the Corporation not convertible into Super Voting Shares.

Dividends

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

Participation	In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Super Voting Shares will, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Super Voting Shares, be entitled to participate rateably along with all other holders of Super Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	Each Super Voting Share has a right to convert into 1 Multiple Voting Share subject to customary adjustments for certain corporate changes.
Conversion at the Option of the Corporation	<p>The Corporation has the right to convert all or some of the Super Voting Shares from a holder of Super Voting Shares into an equal number of Multiple Voting Shares subject to customary adjustments for certain corporate changes:</p> <p>(a) upon the transfer by the holder thereof to anyone other than (i) an immediate family member of Benjamin Kovler, Peter Kadens, Anthony Georgiadis or Andrew Grossman (the “Initial Holders”) or a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by an Initial Holder or immediate family members of an Initial Holder or which an Initial Holder or immediate family members of an Initial Holder are the sole beneficiaries thereof; or (ii) a party approved by the Corporation (together with the Initial Holders, “Permitted Holders”); or</p> <p>(b) if at any time the aggregate number of issued and outstanding Super Voting Shares beneficially owned, directly or indirectly, by an Initial Holder of the Super Voting Shares and the Initial Holder’s predecessor or transferor, permitted transferees and permitted successors, divided by the number of Super Voting Shares beneficially owned, directly or indirectly, by the holder (and the Initial Holder’s predecessor or transferor, permitted transferees and permitted successors) as at the date of completion of the Business Combination is less than 50%. The Initial Holders of Super Voting Shares will, from time to time upon the request of the Corporation, provide to the Corporation evidence as to such Initial Holders’ direct and indirect beneficial ownership (and that of its permitted transferees and permitted successors) of Super Voting Shares to enable the Corporation to determine if its right to convert has occurred. For purposes of these calculations, a holder of Super Voting</p>

Shares will be deemed to beneficially own Super Voting Shares held by an intermediate company or fund in proportion to their equity ownership of such company or fund, unless such company or fund holds such shares for the benefit of such holder, in which case they will be deemed to own 100% of such shares held for their benefit.

The Corporation is not required to convert Super Voting Shares on a pro-rata basis among the holders of Super Voting Shares.

MARKET FOR SECURITIES

Trading Price and Volume

The Subordinate Voting Shares of the Corporation are traded on the CSE under the symbol “GTII”.

During the most recently completed financial year, the common shares of Bayswater traded on the TSX Venture Exchange under the symbol “BYU.H”.

The following table sets out trading information for the Subordinate Voting Shares from June 13, 2018 (the date of their initial trading on the CSE) up to the date of this AIF.¹

Period	High Trading Price (C\$)	Low Trading Price (C\$)	Volume (#)
2018			
July 1, 2018 – July 9, 2018	\$14.94	\$13.95	315,035
June 13, 2018 – June 30, 2018	\$16.04	\$8.95	2,882,709

Note:

1. Source: Bloomberg L.P.

The following table sets out trading information for the pre-Transaction common shares of Bayswater for the most recently completed financial year ended February 28, 2018 as well as the periods up to June 12, 2018.¹

Period	High Trading Price (C\$)	Low Trading Price (C\$)	Volume (#)
2018			
July ²	n/a	n/a	n/a
June ²	n/a	n/a	n/a
May ²	n/a	n/a	n/a
April 1, 2018 – April 20, 2018 ²	\$12.88	\$9.20	881
March	\$12.88	\$9.20	1,022
February	\$12.88	\$9.20	516
January	\$14.72	\$11.04	2,587
2017			
December	\$14.72	\$11.04	1,595
November	\$14.72	\$11.04	1,242
October	\$14.72	\$11.04	1,678
September	\$18.40	\$7.36	686
August	\$16.56	\$12.88	793
July	\$18.40	\$14.72	287

June	\$18.40	\$14.72	988
May	\$22.08	\$12.88	1,917
April	\$18.40	\$14.72	1,275
March	\$25.76	\$14.72	2,574
February	\$29.44	\$22.08	4,366
January	\$31.28	\$12.88	12,887

Note:

1. Source: Bloomberg L.P.
2. Bayswater common shares were halted from trading in connection with the Transaction and subsequently delisted from the TSXV on June 12, 2018.

Prior Sales of Unlisted Securities

In connection with the Transaction on June 12, 2018, 433,409 Super Voting and 863,941 Multiple Voting Shares were issued at C\$775 per share.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The Corporation is not subject to escrow requirements under the policies of the CSE. Directors, officers and significant shareholders have entered into lock-up agreements pursuant to which such parties have agreed, subject to customary carve-outs and exceptions, not to sell any Multiple or Super Voting Shares (or announce any intention to do so), or any securities issuable in exchange therefore, for a period of 180 days from the date of the Transaction. In addition, in connection with an acquisition, 4,492 Multiple Voting Shares are being held in escrow pending regulatory approval.

Designation of class	Number of securities	Percentage of class
Multiple Voting Shares	810,129	94%
Super Voting Shares	433,409	100%

Note:

1. Odyssey is the depository of the escrowed Multiple Voting Shares and Super Voting Shares.

DIRECTORS AND OFFICERS

The Articles of the Corporation provide that the number of directors should not be fewer than three (3) directors. Each director shall hold office until the close of the next annual general meeting of the Corporation, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Corporation's Board of Directors currently consists of three (3) directors, of whom two (2) can be defined as an "unrelated director" or a director who is independent of management and is free from any interests and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation,

other than interests and relationships arising from shareholders, and do not have interests in or relationships with the Corporation.

The following table lists the names, municipalities of residence of the proposed directors and officers of the Corporation, their positions and offices to be held with the Corporation, and their principal occupations during the past five (5) years and the number of securities of the Corporation that are beneficially owned, directly or indirectly, or over which control or direction is exercised by each as at the date of this AIF.

Name, Municipality of Residence and Position Held	Principal Occupation for Past Five Years	Director of the Corporation Since
Ben Kovler ⁽²⁾ Chairman of the Board Chicago, IL	the Corporation, Chairman and Founder; Kovpak, CIO; Invest For Kids, Founder and CEO	07/2017
Pete Kadens ⁽²⁾ Director and Chief Executive Officer Chicago, IL	the Corporation, CEO; SoCore Energy, Founder and President	07/2017
Anthony Georgiadis ⁽¹⁾ Director and Chief Financial Officer Tampa, FL	the Corporation, CFO; Wendover Art Group, COO	07/2017
Wendy Berger ⁽¹⁾⁽²⁾ Director Chicago, IL	WBS Equities, LLC President & CEO	07/2017
Glen Senk ⁽¹⁾ Palm Beach, Florida Director	Front Row Partners CEO	06/2018
Wes Moore Director Baltimore, Maryland	Robin Hood, CEO; Founder & CEO BridgeEdU	07/2018

Notes:

(1) Member of the audit committee.

(2) Member of the compensation committee.

All of the directors of the Corporation will be appointed to hold office until the next annual general meeting of shareholders or until their successors are duly elected or appointed, unless their office is earlier vacated.

As at the date of this AIF, all promoters, directors, officers and Insiders, as a group, beneficially own, directly or indirectly, or control or direct the following shares of the Corporation: (i) 70,742 Subordinate Voting Shares or 0.6% (non-diluted); (ii) 671,122 Multiple Voting Shares or approximately 77.7% (non-diluted); and 433,409 of the Super Voting Shares or 100% non-diluted.

Board Committees

The Corporation currently has an audit committee and compensation committee. A brief description of each committee is set out below. Following the completion of the Transaction, the directors of the Corporation intend to establish such committees of the board as determined to be appropriate in addition to the audit committee and compensation committee.

Compensation Committee

The compensation committee assists the Corporation's Board of Directors in fulfilling its responsibilities for compensation philosophy and guidelines, and fixing compensation levels for the Corporation's executive officers. In addition, the compensation committee is charged with reviewing the employee stock option plan and proposing changes thereto, approving any awards of options under the employee stock option plan and recommending any other employee benefit plans, incentive awards and perquisites with respect to the Corporation's executive officers. The Compensation Committee is also responsible for reviewing, approving and reporting to the Corporation's Board annually (or more frequently as required) on the Corporation's succession plans for its executive officers.

The proposed members of the compensation committee after completion of the Transaction include the following three directors: Pete Kadens, Ben Kovler and Wendy Berger.

Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies

No proposed director or officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, or within 10 years before the date of this AIF has been, a director or officer of any other company that, while the person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other company access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;
- (b) was the subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director or officer of the Corporation, or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has

entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Corporation also holding positions as directors or officers of other companies. Some of the individuals that are directors and officers of the Corporation have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Corporation will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA.

Management

Brief descriptions of the biographies for all of the officers and directors of the Corporation are set out below:

Ben Kovler | Founder & Chairman (Age 39)

Ben brings his extensive experience managing complex operating companies and his deep commitment to philanthropy as Chairman of the Corporation. Ben founded the Corporation in 2014 and has successfully scaled it into a national cannabis consumer packaged goods Corporation and retail dispensary chain with 58 licenses across seven highly-regulated U.S. markets. Additionally, Ben is the Chief Investment Officer for Kovpak II, LLC, an investment partnership that allocates capital into public and private markets across a wide range of industries. He is also co-founder and CEO of Invest For Kids (IFK), an annual forum bringing together portfolio managers, family offices and analysts to share investment ideas to benefit children in Illinois. In its first nine years, IFK generated more than \$11 million to benefit 40 youth organizations that have helped 85,000 children²¹. Ben earned a Bachelor of Arts in philosophy, politics and economics from Pomona College and an M.B.A. in accounting and finance from The University of Chicago. He also taught 8th grade math and published a book of brain teasers and puzzles.

Pete Kadens | Director & Chief Executive Officer (Age 40)

Pete is a serial entrepreneur and dedicated philanthropist. He has started three companies, which have employed thousands of people over the last 14 years, including one of the largest commercial solar companies in the US, SoCore Energy. Under his leadership, SoCore grew into a Corporation with operations across 17 states and was named one of Chicago's most innovative businesses by Chicago Innovation Awards. In 2013, he sold SoCore Energy to Edison International, a Fortune 500 energy holding Corporation. Pete served as an executive under Edison International until 2015 when he ultimately founded the Corporation's businesses outside of Illinois with his partner, Ben Kovler. Pete believes deeply in, and actively leads, organizations that seek to transform lives and strengthen communities, serving as Chairman of StreetWise (2009 – present), one of the largest homeless aid organizations in the Midwest. He was also a long time board member at The Cara Program, one of the largest non-profit workforce training programs in the Midwest which focuses on preparing individuals on the verge of homelessness for employment. Pete earned his Bachelor of Arts in Bucknell University, where he earned his Bachelor of Arts in Political Science. He was also named 40 under 40 by Crain's Chicago Business in 2012. In 2015, Pete was honored with the "Catalyst Award" by StreetWise.

²¹ <http://www.chicagobusiness.com/article/20161025/NEWS01/161029931/chicago-childrens-charity-invest-for-kids-tops-10-million>

Anthony Georgiadis | Director & Chief Financial Officer (Age 40)

Anthony is an investor and entrepreneur, having purchased Wendover Art Group, a Florida-based manufacturing business in 2005 that he helped grow into one of North America's largest manufacturers of wall décor under his tenure. Prior to this, he was an M&A analyst for Bowles Hollowell Conner & Co., a boutique investment bank, and a principal investing associate for CIVC Partners, a \$1.5 billion Chicago-based private equity firm. Anthony became involved in the cannabis industry in early 2014 after exploring cannabidiol (CBD) for treatment on his swiss mountain dog, who was epileptic. Since then he has invested in 14 different cannabis-related companies including PAX (vapor technology), Cannasure (insurance), Headset (data analytics), and Baker (customer engagement). Anthony is a proud supporter of the Special Operations Warriors Foundation, the Drug Policy Alliance, Students for Sensible Drug Policy, and the Marijuana Policy Project. Anthony graduated magna cum laude from Bucknell University with a degree in finance and a minor in mathematics.

Andrew Grossman | Head of Capital Markets (Age 44)

Andy is an entrepreneur and business executive with 20 years of experience in the hedge fund industry. He joined the Corporation for the opportunity to join a nascent industry with the potential for tremendous growth. Andy previously served as Managing Partner and Head of Trading, Risk Management and Operations of LG Capital Management. Andy co-founded LG in August 2011 with \$13 million in capital and helped raise it to a peak of \$350 million under management. He was instrumental in building the infrastructure of the business and is highly qualified in business operations. Prior to founding LG Capital, he was a senior trader for Chesapeake Partners, a Baltimore-based multi-billion event-driven investment Fund. Andy graduated from Syracuse University in 1996 with a Bachelor of Arts in Finance. Andy is actively involved in various organizations in the Baltimore community which include The Associated, LifeBridge Health, Beth El Congregation and Jewish Volunteer Connection.

Wendy Berger | Director & Real Estate Subject Matter Expert (Age 52)

Wendy Berger brings decades of experience in strategic planning, execution, and exits for rapid growth start-ups, in addition to a near 30-year career in real estate development. This unique combination makes Ms. Berger an incredible asset to the Corporation as Director and Real Estate Subject Matter Expert, a role she has had since February 2015. Wendy is principal of WBS Equities, LLC., which specializes in ground-up construction, renovation, development, sale lease back transactions and acquisitions of industrial buildings for food and beverage manufacturers and distributors. Prior, Ms. Berger was employee number 11 at Orbitz, the Travel website founded in 2000 by American, Continental, Delta, Northwest and United Airlines, where she was Director of Strategic Enterprise Planning. Wendy also co-founded and was COO of Neoglyphics Media Corporation, one of the country's first website development firms where she was integral in successfully scaling the organization from start up to a high-performing corporation with more than 150 employees before it was sold in March 1998 for \$65 million. She earned her MBA in Finance and Real Estate from Northwestern University's Kellogg School of Business and a B.S., cum laude, in Finance and Marketing from Syracuse University. In her spare time Wendy is an avid triathlete and runner, having completed 31 Olympic Distance triathlons and six half-marathons, and also serves on several boards including the Chicago Public Library Foundation (2016 – present), the Jewish Federation/Jewish United Fund of Chicago (2001 – 2007, and 2009 – present), and two years with TEDxMidwest, the locally and independently organized TED event. TED is a non-profit devoted to Ideas Worth Spreading.

Glen Senk | Director & Retail Subject Matter Expert (Age 62)

Glen Senk is a creative leader who brings decades of experience building several of the world's most iconic brands to the Corporation as Director and Retail Subject Matter Expert, a position held as of May 2018. Mr. Senk founded Front Row Partners, a company dedicated to supporting forward-thinking leaders with capital, resources and expertise, in April 2014, where he currently serves as Chairman and CEO. Previously, Senk served as CEO for America's leading fine jewelry brand David Yurman, and prior to that, was named CEO of Urban Outfitters (NASDAQ: URBN) in 2007 after holding several integral leadership positions since starting with URBN in 1994, where throughout his tenure he grew Anthropologie from a

single-store prototype into a billion-dollar brand, was elected to the company's board of directors in 2004, and whose vision was credited by Forbes as earning Urban Outfitters the accolade of one of the best-managed companies of 2007. In that same year, Institutional Magazine named Mr. Senk one of the best CEOs in America. Before URBN, Senk joined Williams-Sonoma (NYSE: WSM) where he set the strategy and groundwork for Pottery Barn's rapid expansion and sales growth while supervising Williams-Sonoma, Pottery Barn, Hold Everything, Chambers and Gardener's Eden. Senk was also chief executive of the London-based Habitat International Merchandise and Marketing Group. He began his career at Bloomingdale's in 1981. In 2010, Senk was named one of Fortune Magazine's Top 50 Businesspeople of the Year and holds a BA degree, magna cum laude, in psychology, computer science and mathematics from New York University and an MBA degree in marketing and finance from the University of Chicago Booth School of Business. He is a member of Phi Beta Kappa and Psi Chi. Senk currently serves on the board of directors of Aritzia (TSE: ATZ), Boden, Kendra Scott and Opening Ceremony and has previously served on the boards of directors of Urban Outfitters (NASDAQ: URBN), Bare Escentuals (NASDAQ: BARE), Melissa & Doug, Tory Burch, David Yurman, and Cooking.com.

Wes Moore | Director & Social Impact Subject Matter Expert (Age 40)

Wes Moore brings a lifetime's commitment to social impact and entrepreneurship to the Corporation as Director & Social Impact Subject Matter Expert, since July 2018. Mr. Moore is a bestselling author, decorated army combat veteran, and Chief Executive Officer at Robin Hood, New York City's largest poverty-fighting organization. Wes previously served on Robin Hood's Veterans Advisory Board, which brought together leaders from the military, non-profits and government to connect veterans and their families living in poverty to housing, job training, education, counseling and health services. Before becoming CEO at Robin Hood, Wes was the founder and CEO at BridgeEdU, an innovative platform addressing the college completion and job placement crisis. BridgeEdU reinvents freshman year through high-touch and high-tech supports for students. Wes also hosts Oprah Winfrey Network's "Beyond Belief" and PBS's "American Graduate Day;" and is the executive producer and host of PBS's "Coming Back with Wes Moore," focusing on the reintegration of Iraq and Afghanistan veterans. Wes is a New York Times and Wall Street Journal bestselling author of, "The Other Wes Moore" and "The Work," which capture the fine line between success and failure in our communities. Wes grew up in Baltimore and the Bronx, and despite childhood challenges, graduated Phi Theta Kappa from Valley Forge Military College in 1998 and Phi Beta Kappa from Johns Hopkins University in 2001. He earned an MLitt in International Relations from Oxford University as a Rhodes Scholar in 2004. Wes then served as a Captain and paratrooper with the U.S. Army's 82nd Airborne, including a combat deployment to Afghanistan. He later served as a White House Fellow to Secretary of State Condoleezza Rice. While at Johns Hopkins, Wes founded STAND!, working with Baltimore youth involved in the criminal justice system. He has served on the boards of Iraq Afghanistan Veterans of America and Johns Hopkins University.

Eugene Monroe | Partner (Age 31)

Eugene was the first active NFL player to openly advocate for the use of cannabinoids to treat chronic pain and sports-related injuries. He recognized cannabis as a healthier alternative to opioids and has actively campaigned for marijuana policy change. He joined the Corporation for its patient-first focus of striving to provide the best medicine possible, active community support and research initiatives. Previously, Eugene was drafted 8th overall by the Jacksonville Jaguars in the 2009 NFL Draft and later joined the Baltimore Ravens on a trade in 2013. Eugene enjoyed a 7-year NFL career and retired with long term health and family as a priority. Eugene is a supporter of the Drug Policy Alliance, Marijuana Policy Project and Doctors for Cannabis Regulation. He earned a Bachelor of Arts in Sociology from the University of Virginia.

Bret Kravitz | Chief Corporate Counsel (Age 38)

Bret has been working with the Corporation as outside counsel since 2014 and joined the team on a full-time basis in July 2017. Bret leads the Corporation's market-expansion transactions and manages the Corporation's corporate and securities matters. Prior to joining the Corporation, Bret was the Corporation's external corporate counsel at Dickinson Wright PLLC in Columbus, Ohio. Bret also worked

for the law firm of Baker Hostetler LLP in Columbus, Ohio and Lockheed Martin in Denver, Colorado and Bethesda, Maryland where he worked with their financial planning and mergers/acquisitions divisions. Bret earned his J.D. from Lewis and Clark Law School in Portland, Oregon, M.B.A. from the University of Denver, and Bachelor of Science in Business from the University of Colorado at Boulder.

Dina Rollman | Chief Compliance Counsel (Age 45)

Dina is the Corporation's Chief Compliance Counsel. In this role, she monitors and ensures full compliance with state and federal laws pertaining to the Corporation's multi-state cultivation and dispensary operations. Dina is an experienced attorney who, prior to joining the Corporation and specializing in cannabis law, was a commercial litigation partner, representing plaintiffs and defendants in business disputes throughout the country. Dina is the founder and President of Illinois Women in Cannabis, a not for profit group that promotes women's role in Illinois' medical cannabis industry. She recently taught Illinois' first Cannabis Law & Policy course as an adjunct professor at Chicago-Kent College of Law. Dina has lectured widely on cannabis topics, addressing national trade conferences, national legal conferences and presenting at legal seminars. She earned a Bachelor of Arts from Oberlin College and a law degree from Northwestern University School of Law.

Eunice Kim | Vice President, People & Culture (Age 30)

Eunice leads the Human Resources function with a fresh, strategic, consultative perspective, and with a smile on her face. Her motto? "Bring the human back in Human Resources." Prior to joining the Corporation, Eunice was integral to the growth and development of HR teams from infancy to maturation at progressive, fast-paced, high-growth agencies; one of which was listed on Crain's Best Places to Work in Chicago for six consecutive years, four of which at #1. Under Eunice's leadership, the Corporation was listed on Crain's Best Places to Work in Chicago for 2018.

Kyle Wortham | Vice President, Brand (Age 46)

Kyle has spent 20 years leading, building and deploying national and international marketing, innovation and branding efforts for renowned consumer brands, including Jim Beam, Mike's Hard Lemonade, Blue Moon beer, Marlboro USA, Philip Morris Mexico, and Pabst Brewing Corporation. He's returned to Chicago from Seattle where he moved to get his start in the cannabis industry. While in Seattle, he led marketing for Solstice Cannabis and then Privateer Holdings where he managed multiple brands including Marley Natural in both Washington and California.

Linda Marsicano | Vice President, Communications (Age 50)

Linda Marsicano has more than 20 years of experience in media and public relations and communications working for publicly traded companies, private entities and non-profit organizations. Her background includes leading external communications for Fortune 500 nuclear power company Exelon Corporation and serving as Vice President of Corporate Communications for Playboy Enterprises and Vice President of Public Relations for mortgage lender Guaranteed Rate. She has also overseen public relations for professional medical societies and not-for-profit professional associations. Linda has a Bachelor of Arts degree from Miami University in Ohio. She serves on the board of the Civic Leadership Foundation, an educational organization dedicated to preparing under-served young people for college, career and active citizenship.

Daniel Shaker | Vice President, Sales (Age 47)

Dan is a commercially focused sales leader with over 25 years experience delivering results and building high performing teams. He has launched and grown brands for some of the world's largest CPG companies, including: Philip Morris, JM Smucker Corporation, and most recently Diageo North America, where for the last 15 years he led field execution on brands such as Johnnie Walker, Tanqueray, Ketel One, Bulleit Bourbon, and Don Julio tequila. Dan managed a complex distributor network that spanned from coast to coast and a portfolio of over 250 brands that produced in excess of \$600 million in revenues.

Jennifer Dooley | Vice President Corporate Development & Investor Relations (Age 31)

Jennifer has spent a decade building consumer brands, driven by her uniquely creative and analytical approach to identifying and capitalizing on market opportunities. Prior to joining the Corporation, Jennifer led strategic Brand Development and Innovation at Storck USA, a top 10 global confectioner, known for brands Werther's Original, Toffifay, Mamba, merci and RIESEN. There, she managed a \$100M brand portfolio P&L and brought to market dozens of new products, including the first non-confection product to come out of the century-old Werther's Original brand: a Caramel Popcorn that knocked out incumbents, earning #1 ranks in the market, and the 2015 Snack Category Product of the Year. She also ran brand operations for the Werther's Original Caramel Shoppe in the Germany Pavilion at Walt Disney World's Epcot. Jennifer earned her MBA from Northwestern University Kellogg School of Management with a focus on Marketing, Entrepreneurship and Innovation. She graduated summa cum laude from the College of Charleston with a Bachelor of Science in Business Administration and English while a member of the College's NCAA Division I Cross Country and Track + Field teams.

All members of management devote full time to the business of the Corporation and have entered into a non-competition or non-disclosure agreement with the Corporation. The Corporation employs 348 people.

PROMOTERS

No person or company has been within the two years immediately preceding the date of this AIF, a promoter of the Corporation.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no actual or contemplated legal proceedings material to the Corporation or a subsidiary of the Corporation or of which any of their respective property is the subject matter and there are no such proceedings known to the Corporation to be contemplated.

There have been no penalties or sanctions imposed against the Corporation by a court or regulatory authority, and the Corporation has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, in the three years prior to the date of this AIF.

Regulatory Actions

The Corporation is not subject to: (i) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within three years immediately preceding the date of this AIF; (ii) any other penalties or sanctions imposed by a court or regulatory body against the Corporation that are necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed. The Corporation has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this AIF.

AUDIT COMMITTEE DISCLOSURE

Composition of the Audit Committee

The audit committee of the Board (the "**Audit Committee**") assists the Corporation's Board of Directors in fulfilling its responsibilities for oversight of financial and accounting matters. The audit committee reviews the financial reports and other financial information provided by the Corporation to regulatory authorities and its shareholder and reviews the Corporation's system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.

As at the date of this AIF, the following are the members of the Audit Committee.

Name of Member	Independent⁽¹⁾	Financially Literate⁽²⁾
Anthony Georgiadis	No	Yes
Wendy Berger	Yes	Yes
Glen Senk	Yes	Yes

Notes:

- (1) A member of the audit committee is independent if he or she has no direct or indirect 'material relationship' with the Corporation. A material relationship is a relationship which could, in the view of the Corporation's Board of Directors, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Corporation, such as the President or Secretary, is deemed to have a material relationship with the Corporation.
- (2) A member of the audit committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Relevant Education and Experience

Each member of the Audit Committee has experience relevant to his or her responsibilities as an Audit Committee member. See *Directors and Officers – Management* for a description of the education and experience of each Audit Committee member.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completely financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Audit Committee's Charter

The Board has adopted a written charter for the Audit Committee, in the form set out under Appendix "B" to this AIF, which sets out the Audit Committee's responsibilities. The Audit Committee's principal duties and responsibilities include assisting the Board in discharging the oversight of: (i) the integrity of our consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements; (ii) compliance with legal and regulatory requirements; (iii) external auditors' qualifications and independence; (iv) the work and performance of financial management and external auditors; and (v) system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance, and risk management established by management and the Board. The Audit Committee has access to all books, records, facilities and personnel and may request any information about us as it may deem appropriate. It will also have the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Corporation or person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of the outstanding voting securities of the Corporation, or any associate or affiliate of any of the foregoing has or had any material interest, direct or indirect, in any transaction within the three years before the date of this AIF, or in any proposed transaction, which has materially affected or will materially affect the Corporation or any of its subsidiaries.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Corporation's Subordinate Voting Shares is Odyssey Trust Company located at 835 - 409 Granville Street Vancouver BC V6C 1T2, Canada.

MATERIAL CONTRACTS

During the course of the two years prior to the date of the AIF, the Corporation has entered into the following material contracts, other than contracts entered into in the ordinary course of business:

- (a) the Definitive Agreement;
- (b) loan and security agreement between GTI-Clinic Illinois Holdings, LLC and a third party lender dated October 2, 2017;
- (c) lending agreement between GTI-Clinic Illinois Holdings, LLC and third party lenders dated October 2, 2017;
- (d) option agreement between Vision Management Services, LLC and GTI Core, LLC dated January 1, 2018;
- (e) convertible promissory note between the Corporation²³, LLC and GTI Core, LLC dated January 1, 2018;
- (f) convertible promissory note between Vision Management Services, LLC and GTI Core, LLC dated February 21, 2017;
- (g) contribution agreement with KW Ventures Holdings, LLC dated February 14, 2018;
- (h) definitive agreement between GTI Florida, LLC, KSGNF, LLC and the members of KSGNF, LLC dated May 31, 2018;
- (i) letter of intent between GTI Core, LLC and Revolution Maryland Retail dated April 20, 2017; and
- (j) letter of intent between GTI Core, LLC and MGTM, LLC dated July 18, 2017.

INTERESTS OF EXPERTS

The auditors of the Corporation are MNP LLP, Chartered Professional Accountants at its office located at 111 Richmond St W #300, Toronto, ON M5H 2G4, Canada.

Prior to the Transaction, the auditors of the Corporation were Davidson & Company, LLP located at 1200-609 Granville St, Vancouver, BC V7Y 1G6.

No person or corporation whose profession or business gives authority to a statement made by the person or corporation and who is named as having prepared or certified a part of this AIF or as having prepared or certified a report or valuation described or included in this AIF holds any beneficial interest, direct or indirect, in any securities or property of the Corporation or of an Associate or Affiliate of the Corporation and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation and no such person is a promoter of the Corporation or an Associate or Affiliate of the Corporation. Davidson & Company, LLP was independent of the Corporation during the Corporation's most recently completed financial year end in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia. MNP LLP, Chartered Professional Accountants, is independent of the Corporation in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and interests of insiders in material transactions, where applicable, is contained in the Corporation's management information circular filed on SEDAR at www.sedar.com.

Additional financial information is contained in the Corporation's audited financial statements and MD&A for the Corporation's most recently completed financial year, copies of which have been filed with the securities regulatory authorities in the provinces of British Columbia, Alberta and Ontario. Such documents, as well as additional information about the Corporation, may be found on SEDAR at www.sedar.com under the Corporation's name.

Appendix “A” - GLOSSARY

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

“**Affiliate**” means a corporation that is affiliated with another corporation as described below. A corporation is an “**Affiliate**” of another corporation if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A corporation is “**controlled**” by a Person if:

- (a) voting securities of the Corporation are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Corporation.

A Person beneficially owns securities that are beneficially owned by:

- (a) a corporation controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person.

“**Amalgamation**” has the meaning ascribed thereto in *General Development of the Business – Recent Developments*.

“**Associate**” when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or
- (d) in the case of a Person who is an individual:
 - (i) that Person’s spouse or child, or
 - (ii) any relative of the Person or of his spouse who has the same residence as that Person.

“**AIF**” means this Annual Information Form.

“**Audit Committee**” has the meaning in *Audit Committee Disclosure*.

“**BCBCA**” means the *Business Corporations Act* (British Columbia).

“**Board of Directors**” means the board of directors of the Corporation.

“**BCBA**” means the *Canada Business Corporations Act*.

“**CBD**” has the meaning ascribed thereto in *Risk Factors*.

“**Coattail Agreement**” has the meaning ascribed thereto in *Description of Capital Structure - Description of the Corporation’s Securities*.

“**Cole Memorandum**” has the meaning ascribed thereto in *Risk Factors*.

“**common shares**” in respect of the Corporation refer to Subordinate Voting Shares.

“**Convertible Promissory Note**” means the \$45 million convertible promissory note of VCP sold to VCP Convert, LLC, a Delaware limited liability company owned by accredited investors on April 30, 2018.

“**Controlled Substances Act**” has the meaning ascribed thereto in *Regulatory Overview – Regulation of Cannabis in the United States Federally*.

“**Conversion Ratio**” has the meaning ascribed thereto in *Description of Capital Structure*.

“**Corporation**” or “**GTI**” has the meaning ascribed thereto in *Date, Currency and Other Information*.

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

“**Definitive Agreement**” means the business combination agreement entered into among the Corporation, Subco, VCP, GTI23 and GTI Finco on June 12, 2018.

“**DOT**” has the meaning ascribed thereto in *Regulatory Overview - Regulation of the Cannabis Market at State and Local Levels*.

“**FDA**” means the United States Federal Drug Administration.

“**FinCEN**” has the meaning ascribed thereto in *Risk Factors*.

“**GTI23**” means GTI23, Inc., a corporation existing under the laws of Delaware.

“**GTI Finco**” means GTI Finco Inc., a corporation existing under the laws of the Province of British Columbia.

“**Initial Holders**” has the meaning ascribed thereto in *Description of Capital Structure*.

“**Inversion Conditions**” has the meaning ascribed thereto in *Risk Factors*.

“**ITA**” has the meaning ascribed thereto in *Risk Factors*.

“**MOU**” has the meaning ascribed thereto in *Risk Factors*.

“**Multiple Voting Shares**” has the meaning ascribed thereto in *General Development of the Business*.

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

“**Person**” means any individual, corporation, Corporation, partnership, unincorporated association, trust, joint venture, governmental body or any other legal entity whatsoever.

“**PTSD**” has the meaning ascribed thereto in *Regulatory Overview – Regulation of the Cannabis Market at State and Local Levels*.

“**RMDs**” has the meaning ascribed thereto in *Regulatory Overview – Regulation of the Cannabis Market at State and Local Levels*.

“**RBA**” has the meaning ascribed thereto in *Risk Factors*.

“**RCP Investor Member Units**” has the meaning ascribed thereto in *General Development of the Business – Financing Activities*.

“**Section 280E**” has the meaning ascribed thereto in *Risk Factors*.

“**Sessions Memorandum**” has the meaning ascribed thereto in *Risk Factors*.

“SKUs” has the meaning ascribed thereto in *Description of the Business – House of Brands Wholesale Cannabis Manufacturing and Distribution*.

“SR Offering” has the meaning ascribed thereto in *General Development of the Business – Recent Developments*.

“Staff Notice 51-352” has the meaning ascribed thereto in *Regulatory Overview*.

“Super Voting Shares” has the meaning ascribed thereto in *Description of Capital Structure*.

“Subco” means 1165318 B.C. Ltd., a wholly-owned subsidiary of the Corporation which will amalgamate with GTI Finco pursuant to the Transaction.

“Subordinate Voting Shares” has the meaning ascribed thereto in *Description of Capital Structure*.

“THC” has the meaning ascribed thereto in *Risk Factors*.

“Transaction” means the acquisition of GTI23, Inc. (the owner of VCP at the relevant time) and GTI Finco by the Corporation, as contemplated by the Definitive Agreement.

“TSXV” means the TSX Venture Exchange.

“U.S. Tax Code” has the meaning ascribed thereto in *Risk Factors*.

“VCP” means VCP23, LLC.

**Appendix “B” - CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
GREEN THUMB INDUSTRIES INC.**

AUDIT COMMITTEE CHARTER

Mandate

The primary function of the audit committee (the “Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting, and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements.
- Review and appraise the performance of the Company’s external auditors.
- Provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of at least three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee should have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate so as to obtain a working familiarity with basic finance and accounting practices. For the purposes of this Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following each annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least once quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update this Charter annually.

- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases pertaining to financial matters before the Company publicly discloses this information, and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement from the external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board - Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

Review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements; and to review any related-party transactions.