

*A copy of this preliminary short form base shelf prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, other than Quebec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form base shelf prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form base shelf prospectus is obtained from the securities regulatory authorities.*

*This short form prospectus is a base shelf prospectus. This short form base shelf prospectus has been filed under legislation each of the provinces of Canada, other than Quebec, that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities, except in cases where an exemption from such delivery requirements has been obtained.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, possessions or the District of Columbia (the “United States”), or to a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act) (a “U.S. Person”) unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This short form base shelf prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. Person. See “Plan of Distribution”.*

*Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President – Investor Relations, at 207 S. Ninth Street, Minneapolis, Minnesota, 55402 telephone (844) 484-7366, and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue

November 23, 2020



**VIREO HEALTH INTERNATIONAL, INC.**

**\$200,000,000**

**Subordinate Voting Shares**

**Multiple Voting Shares**

**Debt Securities**

**Subscription Receipts**

**Warrants**

**Units**

Vireo Health International, Inc. (“**Vireo**” or the “**Company**”) may from time to time offer and issue the following securities: (i) subordinate voting shares of the Company (“**Subordinate Voting Shares**”); (ii) multiple voting shares of the Company (“**Multiple Voting Shares**”); (iii) debt securities of the Company (“**Debt Securities**”); (iv) subscription receipts (“**Subscription Receipts**”) exchangeable for Subordinate Voting Shares, Multiple Voting Shares and/or other securities of the Company; (v) warrants (“**Warrants**”) exercisable to acquire Subordinate Voting Shares, Multiple Voting Shares and/or other securities of the Company; and (vi) securities comprised of more than one of Subordinate Voting Shares, Multiple Voting Shares, Debt Securities, Subscription Receipts and/or Warrants offered together as a unit (“**Units**”), or any combination thereof having an offer price of up to \$200,000,000 in aggregate (or the equivalent thereof, at the date of issue, in any other currency or currencies, as the case may be) at any time during the 25-month period that this short form base shelf prospectus (including

any amendments hereto, the “**Prospectus**”) remains valid. The Subordinate Voting Shares, Multiple Voting Shares, Debt Securities, Subscription Receipts, Warrants and Units (collectively, the “**Securities**”) offered hereby may be offered in one or more offerings, separately or together, in separate series, in amounts, at prices and on terms to be set forth in one or more prospectus supplements (collectively or individually, as the case may be, “**Prospectus Supplements**”). One or more securityholders of the Company may also offer and sell Securities under this Prospectus. See “Plan of Distribution”.

The Securities may be sold, from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices, including sales in transactions that are deemed to be “at-the-market distributions” as defined in National Instrument 44-102 — *Shelf Distributions* (“**NI 44-102**”), including sales made directly on the Canadian Securities Exchange (the “**CSE**”) or other existing trading markets for the Securities, and as set forth in an accompanying Prospectus Supplement. See “Plan of Distribution”.

The specific terms of any offering of Securities will be set forth in the applicable Prospectus Supplement and may include, where applicable: (i) in the case of Subordinate Voting Shares and Multiple Voting Shares, the number of Subordinate Voting Shares and/or Multiple Voting Shares being offered, the offering price, whether the Subordinate Voting Shares and/or Multiple Voting Shares are being offered for cash, and any other terms specific to the Subordinate Voting Shares and/or Multiple Voting Shares being offered; (ii) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, maturity, interest provisions, authorized denominations, offering price, whether the Debt Securities are being offered for cash, the covenants, the events of default, any terms for redemption or retraction, any exchange or conversion rights attached to the Debt Securities, and any other terms specific to the Debt Securities being offered; (iii) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, whether the Subscription Receipts are being offered for cash, the terms, conditions and procedures for the exchange of the Subscription Receipts into or for Subordinate Voting Shares, Multiple Voting Shares and/or other securities of the Company and any other terms specific to the Subscription Receipts being offered; (iv) in the case of Warrants, the number of such Warrants offered, the offering price, whether the Warrants are being offered for cash, the terms, conditions and procedures for the exercise of such Warrants into or for Subordinate Voting Shares, Multiple Voting Shares and/or other securities of the Company and any other specific terms; and (v) in the case of Units, the number of Units being offered, the offering price, the terms of the Subordinate Voting Shares, Multiple Voting Shares, Debt Securities, Subscription Receipts and/or Warrants underlying the Units, and any other specific terms.

All shelf information permitted under applicable securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus, except in cases where an exemption from such delivery requirements has been obtained. Each Prospectus Supplement will be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement and only for the purposes of the distribution of the Securities covered by that Prospectus Supplement. The offerings are subject to approval of certain legal matters on behalf of the Company by McMillan LLP and Troutman Pepper LLP.

This Prospectus does not qualify for issuance of Debt Securities, or Securities convertible or exchangeable into Debt Securities, in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. This Prospectus may qualify for issuance of Debt Securities, or Securities convertible or exchangeable into Debt Securities, in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or bankers’ acceptance rate, or to recognized market benchmark interest rates such as CDOR (the Canadian Dollar Offered Rate) or LIBOR (the London Interbank Offered Rate), and/or convertible into or exchangeable for Subordinate Voting Shares, Multiple Voting Shares and/or other securities of the Company.

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

dealers or agents; and (v) any discounts or concessions allowed or re-allowed or paid to underwriters, dealers or agents. See “Plan of Distribution”.

In connection with any offering of the Securities, subject to applicable laws and other than an “at-the-market distribution”, the underwriters or agents may over-allot or effect transactions that stabilize or maintain the market price of the offered Securities at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See “Plan of Distribution”.

No underwriter of the “at-the-market distribution”, and no person or company acting jointly or in concert with an underwriter, may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the Securities or Securities of the same class as the Securities distributed under the this Prospectus, including selling an aggregate number or principal amount of securities that would result in the underwriter creating an over-allocation position in the Securities.

The issued and outstanding Subordinate Voting Shares are listed and posted for trading on the CSE under the symbol “VREO” and on the OTCQX Market in the U.S. (the “**OTCQX**”) under the symbol “VREOF”. On November 20, 2020, the last trading day prior to the date of this Prospectus, the closing price per Subordinate Voting Share on the CSE was \$1.51 and on the OTCQX was US\$ 1.15. **Unless otherwise specified in the applicable Prospectus Supplement, the Multiple Voting Shares, Debt Securities, Subscription Receipts, Warrants and Units will not be listed on any securities exchange. There is no market through which these Securities may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation.**

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

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

The Company has three classes of issued and outstanding shares: the Subordinate Voting Shares, the Multiple Voting Shares and the super voting shares of the Company (the “**Super Voting Shares**”). The Subordinate Voting Shares and Multiple Voting Shares are “restricted securities” within the meaning of such term under applicable Canadian securities laws. Each Subordinate Voting Share is entitled to one vote per Subordinate Voting Share, each Multiple Voting Share is entitled to 100 votes per Multiple Voting Share and each Super Voting Share is entitled to 1000 votes per Super Voting Share. Each Multiple Voting Share is currently convertible, subject to certain limitations, into 100 Subordinate Voting Shares at any time at the option of the holders thereof and automatically in certain other circumstances. Each Super Voting Share is currently convertible into one Multiple Voting Share at any time at the option of the holders thereof and automatically in certain other circumstances. Holders of Subordinate Voting Shares are entitled to receive as and when declared by the board of directors of the Company (the “**Board**”), dividends. No dividend will be declared or paid on the Subordinate Voting Shares unless the Company 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. Holders of the Multiple Voting Shares are entitled to receive dividends as may be declared and paid to holders of the Subordinate Voting Shares as the Board may determine, on an as-converted to Subordinate Voting Share basis. No dividend will be declared or paid on the Multiple Voting Shares unless the Company 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. Holders of Super Voting Shares are entitled to receive dividends as paid and declared to holders of the Subordinate Voting Shares as the Board may determine, on an as-converted to Subordinate Voting Share basis. No dividend will be declared or paid on the Super Voting Shares unless the Board 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. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company 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 Company 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). In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company

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 Company 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). In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company 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 Company 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). **The holders of Subordinate Voting Shares have certain conversion rights in the event of a take-over bid for the Multiple Voting Shares and the holders of Multiple Voting Shares have certain conversion rights in the event of a take-over bid for the Subordinate Voting Shares. See “Description of Share Capital of the Company” for further details.**

The following persons reside outside of Canada and have appointed the following agent for service of process:

Name of Person	Name and Address of Agent
Kyle Kingsley, Chief Executive Officer, Director, Chair of the Board and a promoter of the Company	McMillan LLP, Brookfield Place, Suite 4400, 181 Bay Street, Toronto, Ontario Canada M5J 2T3
John Heller, Chief Financial Officer	
Amber Shimpa, Chief Administrative Officer and Director	
Chelsea Grayson, Director	
Judd Nordquist, Director	
Ross Hussey, Director	

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

The Company’s head office is located at 207 South 9<sup>th</sup> St., Minneapolis, Minnesota, 55402 and the registered office of the Company is located at Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

**This Prospectus qualifies the distribution of securities of an entity that currently directly derives a substantial portion of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. Federal Law. Vireo Health International, Inc. derives a substantial portion of its revenues from the cannabis industry in certain states of the United States of America, which industry is illegal under United States federal law. Vireo Health International, Inc. is directly involved (through its licensed subsidiaries) and indirectly involved (through its non-licensed subsidiaries) in the cannabis industry in the United States where state and local laws permit such activities. The Company’s subsidiaries are directly engaged in the cultivation, processing, possession, use, sale or distribution of cannabis in the medicinal cannabis marketplace in the states of Arizona, Maryland, Minnesota, New Mexico, New York, Ohio, and Pennsylvania. The Company’s subsidiaries also hold preliminary licenses for the cultivation, processing and distribution of medical cannabis in Massachusetts and Puerto Rico. In addition, the Company has agreements to purchase companies with cultivation and processing licenses in Nevada, which was closed in escrow during 2019, pending regulatory approval of the transfers of ownership and other conditions. Regulatory approval of the ownership transfers has not yet occurred. Third party service providers could suspend or withdraw services as a result of Vireo Health International, Inc. operating in an industry that is illegal under U.S. federal law.**

In 2005, the U.S. Supreme Court ruled that Congress has the power to regulate cannabis. The U.S. federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811) (the “CSA”), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I controlled substance. 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 (the “DOJ”) defines Schedule I drugs, substances or chemicals as “drugs with no currently accepted medical use and a high potential for abuse.” However, the Food and Drug Administration (the “FDA”) has approved Epidiolex, which contains a purified form of the drug CBD, a non-psychoactive ingredient in the cannabis plant, for the treatment of seizures associated with two epilepsy conditions. The FDA has not approved cannabis or cannabis compounds as a safe and effective drug for any other condition. Moreover, under the 2018 Farm Bill or Agriculture Improvement Act of 2018 (the “Farm Bill”), CBD remains a Schedule I controlled substance under the CSA, with a narrow exception for CBD derived from hemp with a tetrahydrocannabinol (“THC”) concentration of less than 0.3%.

Marijuana is largely regulated at the state level in the United States. State laws that permit and regulate the production, distribution and use of cannabis for adult use or medical purposes are in direct conflict with the CSA, which makes cannabis use and possession federally illegal. Although certain states and territories of the U.S. authorize medical and/or adult use 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 CSA. Although the Company’s activities are believed to be compliant with applicable state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under U.S. federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company.

As of the date of this Prospectus, 33 states, plus the District of Columbia (and the territories of Guam, Puerto Rico, the U.S. Virgin Islands and the Northern Mariana Islands), have legalized the cultivation and sale of cannabis for medical purposes. In 11 states, the sale and possession of cannabis is legal for both medical and adult use, and the District of Columbia has legalized adult use but not commercial sale. However, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions.]

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

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

For these reasons, the Company’s investments in the United States cannabis market may subject the Company to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian authorities. There are a number of risks associated with the business of the Company. See the section entitled “Risk Factors”.

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## **ABOUT THIS SHORT FORM BASE SHELF PROSPECTUS**

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

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

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

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

## **MEANING OF CERTAIN REFERENCES AND CURRENCY PRESENTATION**

References to dollars or "\$" are to Canadian currency unless otherwise indicated. All references to "US\$" refer to United States dollars. On November 16, 2020, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US\$1.00 = \$1.3071.

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

## **MARKET AND INDUSTRY DATA**

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

## **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

The information provided in this Prospectus, including information incorporated by reference, may contain "forward-looking statements" about the Company. In addition, the Company 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 Company 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 Company that address activities, events or developments that the Company 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, the following risks and uncertainties:

- Marijuana remains illegal under U.S. federal law, and enforcement of U.S. cannabis laws could change.
- There is a substantial risk of regulatory or political change.
- The Company may be subject to action by the U.S. federal government through various government agencies for participation in the cannabis industry.
- Weather, natural disasters, and health pandemics, including the novel coronavirus (COVID-19), may negatively affect customer demand, the Company’s ability to cultivate and other components of the Company’s supply chain, as well as its consolidated results of operation, financial position and cash flows.
- U.S. state and local regulation of cannabis is uncertain and changing.
- State regulatory agencies may require the Company to post bonds or significant fees.
- The Company may be subject to heightened scrutiny by United States and Canadian authorities.
- The Company may face state limitations on ownership of cannabis licenses.
- The Company may become subject to FDA or ATF regulation.
- Cannabis businesses are subject to applicable anti-money laundering laws and regulations and have restricted access to banking and other financial services.
- The Company operates in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where the Company carries on business.
- Because cannabis is illegal under U.S. federal law, the Company may be unable to access to U.S. bankruptcy protections in the event of its bankruptcy or a bankruptcy in an entity in which the Company invests. Because the Company’s contracts involve cannabis and related activities, which are not legal under U.S. federal law, the Company may face difficulties in enforcing its contracts. Because cannabis is illegal under U.S. federal law, cannabis businesses may be subject to civil asset forfeiture. The Company may not be able to secure its payment and other contractual rights with liens on the inventory or licenses of its clients and contracting parties under applicable state laws.
- The Company may not be able to secure its payment and other contractual rights with liens on the inventory or licenses of its clients and contracting parties under applicable state laws.
- Because marijuana is illegal under U.S. federal law, marijuana businesses may be subject to civil asset forfeiture.
- The Company may be subject to constraints on and differences in marketing its products under varying state laws.
- The results of future clinical research may be unfavorable to cannabis, which may have a material, adverse effect on the demand for the Company’s products.



- Inconsistent public opinion and perception of the medical recreational use cannabis industry hinders market growth and state adoption.
- Investors in the Company who are not U.S. citizens may be denied entry into the United States.
- As a cannabis business, the Company is subject to unfavorable tax treatment under the Code.
- If the Company's operations are found to be in violation of applicable money laundering legislation and its revenues are viewed as proceeds of crime, the Company may be unable to effect distributions or repatriate funds to Canada.
- The Company incurred net losses in the three months ended March 31, 2020 and fiscal years 2019 and 2018 with net cash used in operating activities and cannot provide assurance as to when or if the Company will become profitable and generate cash in its operating activities.
- The Company anticipates requiring substantial additional financing to operate its business and the Company may face difficulties acquiring additional financing on terms acceptable to it or at all.
- The Company is a holding company and its earnings are dependent on the earnings and distributions of its subsidiaries.
- The Company's subsidiaries may not be able to obtain necessary permits and authorizations.
- Disparate state-by-state regulatory landscapes and the constraints related to holding cannabis licenses in various states results in operational and legal structures for realizing the benefit from cannabis licenses that could result in materially detrimental consequences to the Company.
- The success of the Company's business depends, in part, on its ability to successfully integrate recently acquired businesses and to retain key employees of acquired businesses.
- The Company may invest in pre-revenue companies which may not be able to meet anticipated revenue targets in the future.
- The nature of the medical and recreational cannabis industry may result in unconventional due diligence processes and acquisition terms that could have unknown and materially detrimental consequences to the Company.
- The Company's assets may be purchased with limited representations and warranties from the sellers of those assets.
- The quality, efficacy and safety of the Company's products may vary or be subject to heightened testing or other scrutiny.
- The Company may be unable to develop its brands and meet its growth objectives.
- The Company may be unable to effectively integrate recent acquisitions that are accretive to its revenue.
- The Company may be unable to obtain and/or maintain licenses to operate in the jurisdictions in which it operates or in which it expects or plans to operate.
- Adverse changes in applicable laws or adverse changes in the application or enforcement of current laws, including those related to taxation may limit, increase the cost of, or prohibit some or all of the Company's operations.
- The Company may be unable to locate and acquire suitable companies, properties and assets necessary to execute on the Company's business plans.

- The costs of compliance may materially increase because the Company’s businesses are subject to extensive government regulation.
- The availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest may be limited or nonexistent from time to time.
- Other risks described in the AIF and described from time to time in documents filed by the Company.

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 Company.

Although the Company 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 Company’s control, as more particularly described under the heading “Risk Factors” in this Prospectus and in the Company’s AIF (as defined below).

Consequently, all forward-looking statements made in this Prospectus and any documents incorporated by reference into this Prospectus, 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 Company. 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 Company and/or persons acting on their behalf may issue. The Company 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.

## **DOCUMENTS INCORPORATED BY REFERENCE**

**Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar regulatory authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President – Investor Relations, at 207 S. Ninth Street, Minneapolis, MN 55402 telephone (844) 484-7366 and are also available electronically at [www.sedar.com](http://www.sedar.com).

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

1. the annual information form of the Company dated November 23, 2020 in respect of the years ended December 31, 2019 (the “**AIF**”);
2. the audited annual consolidated financial statements of the Company as at and for the years ended December 31, 2019 and 2018, together with the notes thereto, and the auditors’ report therein (the “**Audited Financial Statements**”);
3. management’s discussion and analysis of financial condition and results of operations of the Company for the years ended December 31, 2019 and 2018 (the “**Annual MD&A**”);
4. the unaudited condensed interim consolidated financial statements of the Company as at June 30, 2020 and for the three and six months ended June 30, 2020 and 2019 and related notes (the “**Interim Financial Statements**”);
5. management’s discussion and analysis of the financial condition and results of operations of the Company in respect of the three and six months ended June 30, 2020 and 2019 (the “**Interim MD&A**”);

6. the material change report of the Company dated March 20, 2020;
7. the management information circular of the Company dated June 15, 2020 prepared in connection with an annual and special meeting of shareholders held on July 15, 2020 (the “Circular”).

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

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

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

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

## THE COMPANY

The Company was incorporated under the *Business Corporations Act* (Alberta) on November 23, 2004 under the name “Initial Capital Inc.” On May 8, 2007, the Company changed its name to “Digifonica International Inc.” following the completion of a qualifying transaction. On December 9, 2013, the Company continued into British Columbia under the name of “Dominion

Energy Inc.” The Company had the following name changes before ultimately changing its name to “Darien Business Development Corp.” on March 13, 2017:

- Initial Capital Inc. (November 23, 2004);
- Digifonica International Inc. (May 8, 2007);
- Dominion Energy Inc. (December 9, 2013);
- Dynamic Oil and Gas Exploration Inc. (June 30, 2014); and
- Darien Business Development Corp (March 13, 2017).

On March 18, 2019, Vireo Health, Inc. (“**Vireo U.S.**”) completed the reverse take-over transaction of Vireo Health International Inc. (formerly Darien Business Development Corp. or “Darien”) (the “**Reverse Takeover**”) whereby Darien acquired all of the issued and outstanding shares of Vireo U.S. Following the completion of the Reverse Takeover, the former shareholders of Vireo U.S. acquired control of the Company as they owned a majority of the outstanding shares of the Company upon completion of the Reverse Takeover and therefore constituted a reverse takeover of the Company under the policies of the CSE. Concurrently with the completion of the Reverse Takeover, the Company changed its name to “Vireo Health International, Inc.” and amended its Articles to: (i) amend the rights and restrictions of the existing class of common shares and redesignated such class as the Subordinate Voting Shares; (ii) created the Multiple Voting Shares; and (iii) created the Super Voting Shares (the “**Share Terms Amendment**”).

Upon completion of the Reverse Takeover, the Company became a reporting issuer in the provinces of British Columbia, Alberta, and Ontario.

On July 15, 2020 the Company amended its Articles (the “**Articles**”) to: (i) remove the FPI Restriction (as defined below) applicable to the conversion of Multiple Voting Shares into Subordinate Voting Shares enabling holders of Multiple Voting Shares into Subordinate Voting Shares who are residents of the United States (as determined in accordance with Rules 3b4 and 12g3-2(a) under the Exchange Act (“**U.S. Residents**”) to commence requesting conversions of Multiple Voting Shares into Subordinate Voting Shares on January 1, 2021; and (ii) to include the Advance Notice Provision (as defined in the Circular).

The Company’s head office is located at 207 South 9<sup>th</sup> Street, Minneapolis, Minnesota 55402 and the Company’s registered office is located at Suite 2200, HSBC Building, 885 Wes Georgia Street Vancouver, British Columbia, V6C 3E8.

#### **Inter-Corporate Relationships/Material Subsidiaries of the Company**

The list of the Company’s material subsidiaries together with the place of formation/governing law of such subsidiaries and the percentage of voting securities beneficially owned, directly or indirectly, by the Company as of December 31, 2019, is set forth below:

<b>Name of Subsidiary</b>	<b>Vireo Ownership Interest (direct and indirect)</b>	<b>Place of Formation</b>	<b>Direct Parent of Subsidiary</b>
Vireo Health, Inc.	100.00%	Delaware	Vireo Health International, Inc.
Vireo Health of New York, LLC	100.00%	New York	Vireo Health, Inc.
Vireo Health of Minnesota, LLC, f/k/a Minnesota Medical Solutions, LLC	100.00%	Minnesota	Vireo Health, Inc.
Pennsylvania Medical Solutions, LLC	100.00%	Pennsylvania	Vireo Health, Inc.
MaryMed, LLC	100.00%	Maryland	Vireo Health, Inc.
Elephant Head Farm, LLC	100.00%	Arizona	Vireo Health of Arizona, LLC
Retail Management Associates, LLC	100.00%	Arizona	Vireo Health of Arizona, LLC
Vireo Health of New Mexico, LLC	100.00%	New Mexico	Vireo Health, Inc.

**Note:**

- (1) Arizona Natural Remedies, Inc. is a non-profit entity that is controlled by certain officers and directors of the Company and has contracted for the management of the cannabis businesses with Elephant Head Farm, LLC and Retail Management Associates, LLC.

## Summary Description of the Business

Vireo is one of America's leading multi-state cannabis companies. Vireo is physician-led and dedicated to providing patients with high quality cannabis-based products and compassionate care. Vireo cultivates cannabis in environmentally friendly greenhouses, manufactures pharmaceutical-grade cannabis extracts, and sells its products at both Company-owned and third-party dispensaries to qualifying patients. Vireo currently serves thousands of customers each month.

While Vireo is not currently focused on substantial capital investment or expansion outside of its core markets, the Company does own additional medical cannabis licenses that may present opportunities for future development, partnership or divestiture in the future. Its current core medical markets of Arizona, Maryland, Minnesota, New Mexico and New York all have the potential to enact adult-use legalization in the next three to 24 months. The licenses in Puerto Rico and Massachusetts also have potential for commercialization. Combined with its teams' focus on driving scientific innovation within the industry, improving operational efficiency and securing meaningful intellectual property, Vireo believes it is well positioned to become a global market leader in the cannabis industry. Seven of its nine markets are operational, with 13 of its 32 total retail dispensary licenses open for business.

More detailed information regarding the business of the Company as well as its operations, assets, and properties can be found in the AIF and other documents incorporated by reference herein, as supplemented by the disclosure herein. See "Documents Incorporated by Reference".

## DESCRIPTION OF SHARE CAPITAL

The Company is authorized to issue an unlimited number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares (collectively, the "**Company Shares**"). As of November 20, 2020, there were: (i) 37,337,138 Subordinate Voting Shares of the Company issued and outstanding (representing approximately 23.7% of the voting rights attached to the outstanding shares of the Company); (ii) 549,928 Multiple Voting Shares of the Company issued and outstanding (representing approximately 34.8% of the voting rights attached to the outstanding shares of the Company); and (iii) 65,411 Super Voting Shares of the Company (representing approximately 41.5% of the voting rights attached to the outstanding shares of the Company).

The Subordinate Voting Shares and Multiple Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws. The Company has complied with the requirements of Part 12 of National Instrument 41-101 — *General Prospectus Requirements* ("**NI 41-101**") to be able to file a prospectus under which the Subordinate Voting Shares, Multiple Voting Shares or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, the Subordinate Voting Shares or Multiple Voting Shares are distributed, as the Company received the requisite prior majority approval of shareholders of the Company at the annual and special meeting of shareholders held on March 8, 2019, in accordance with applicable law, including Section 12.3 of NI 41-101, for the Share Terms Amendment. The Share Terms

The following is a summary of the rights, privileges, restrictions and conditions attached to the Subordinate Voting Shares, the Super Voting Shares and the Multiple Voting Shares, but does not purport to be complete. Reference should be made to the Articles and the full text of their provisions for a complete description thereof, which are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### 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. On March 18, 2019, Kyle Kingsley (the "**Initial Holder**"), as the owner of all the outstanding Super Voting Shares, entered into a customary coattail agreement with the Company and Odyssey Trust Company as 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 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:

- (i) 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 Super Voting Shares (on an as converted to Subordinate Voting Share basis);
- (ii) 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);
- (iii) 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
- (iv) 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 certain permitted holders. The conversion of Super Voting Shares into Subordinate Voting Shares, whether or not such Subordinate Voting Shares are subsequently sold, does 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 is 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 of the Company.

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 Subordinate Voting Shares or of Multiple Voting Shares. The obligation of the trustee to take such action is conditional on the Company or holders of Subordinate Voting Shares or of 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 Multiple Voting Shares, as the case may be, and reasonable funds and indemnity have been provided to the trustee. The Company agrees 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 66-2/3% 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 Initial Holders, 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.

### **Description of Subordinate Voting Shares**

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 Company, except a meeting of which only holders of another particular class or series of shares of the Company will 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 Company will not, without the consent of the holders of Subordinate Voting Shares by separate special resolution, prejudice or interfere with any rights attached to 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 Company.
Dividends:	Holders of Subordinate Voting Shares are entitled to receive as and when declared by the directors of the Company, dividends in cash or property of the Company. No dividend will be declared or paid on Subordinate Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on Multiple Voting Shares and Super Voting Shares.
Participation:	In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company 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 Company ranking in priority to 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 Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, 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 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 (as defined below) 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 Company's transfer agent shall deposit the resulting Multiple Voting Shares on behalf of the holder. Should 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 Company or on the part of the holder, into Subordinate Voting Shares at the Conversion Ratio then in effect.
The Company Redemption Right:	The Company is entitled to redeem Subordinate Voting Shares of an "Unsuitable Person" in certain circumstances. See "See "Redemption Right from the Unsuitable Person".

### **Description of 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 Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each
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such meeting, holders of Multiple Voting Shares will be 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 Company 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 Company.

Dividends:

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 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 Company 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.

Participation:

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company 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 Company 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).

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:

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 provided that the Board is permitted to increase the threshold to up to fifty percent (50%) of the aggregate number of Subordinate Voting Shares, Super Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions, which election the Board has previously made (the “**FPI Restriction**”).

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 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 Company or on the part of the holder, into Multiple Voting Shares at the inverse of the Conversion Ratio then in effect.

On July 15, 2020 the Company amended its Articles to remove the FPI Restriction applicable to the conversion of Multiple Voting Shares into Subordinate Voting Shares enabling holders of Multiple Voting Shares into Subordinate Voting Shares who are U.S. Residents to commence requesting conversions of Multiple Voting Shares into Subordinate Voting Shares on January 1, 2021.

The Company  
Redemption Right:

The Company will be entitled to redeem Multiple Voting Shares of an “Unsuitable Person” in certain circumstances. See “Redemption Right from the Unsuitable Person”.

*Description of 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 Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of Super Voting Shares are entitled to 10 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 Company 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 Company 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 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 Company 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 Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company 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 Company 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 Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, 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 one Multiple Voting Share subject to customary adjustments for certain corporate changes.

Conversion at the option of the Company:

The Company 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 Subordinate Voting Shares subject to customary adjustments for certain corporate changes:

- upon the transfer by the holder thereof to anyone other than (i) an immediate family member of the Initial Holder or a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by a Initial Holder or immediate family members of the Initial Holder or which a Initial Holder or immediate family members of the Initial Holder are the sole beneficiaries thereof; or (ii) a party approved by the Company (together with the Initial Holders, “**Permitted Holders**”); or
- 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 Reverse Takeover is less than 50%. The Initial Holders of Super Voting Shares will, from time to time upon the request of the Company, provide to the Company 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 Company to determine if its right to convert has occurred. For purposes of these calculations, a holder of Super Voting 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 Company is not required to convert Super Voting Shares on a pro-rata basis among the holders of Super Voting Shares.

### **Redemption Right from the Unsuitable Person**

The Company has a redemption right for Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares to allow the Company to comply with applicable licensing regulations. The purpose of the redemption right is to provide the Company with a means of protecting itself from having a shareholder, or as determined by the Board, a group of shareholders acting jointly or in concert (an “**Unsuitable Person**”) with an ownership interest of, whether of record or beneficially (or having the power to exercise control or direction over), five percent (5%) or more of the issued and outstanding shares of the Company (calculated on as-converted to Subordinate Voting Share basis), who a governmental authority granting licenses to the Company (including to any subsidiary) has determined to be unsuitable to own shares, or whose ownership of Subordinate Voting Shares or Multiple Voting Shares may result in the loss, suspension or revocation (or similar action) with respect to any

licenses relating to the Company's conduct of business (being the conduct of any activities relating to the cultivation, processing and dispensing of cannabis and cannabis, derived products in the United States, which include the owning and operating of cannabis licenses) or in the Company being unable to obtain any new licenses in the normal course, including, but not limited to, as a result of such person's failure to apply for a suitability review from or to otherwise fail to comply with the requirements of a governmental authority, as determined by the Board, in its sole discretion, after consultation with legal counsel and if a license application has been filed, after consultation with the applicable governmental authority.

The terms of the Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares provide the Company with a right, but not the obligation, at its option, to redeem Subordinate Voting Shares and/or Multiple Voting Shares held by an Unsuitable Person at the redemption price described below. This right is required in order for the Company to comply with regulations in various jurisdictions where the Company conducts business or is expected to conduct business, which provide that the shareholders of a company requiring a license who hold over a certain percentage threshold of the issued and outstanding shares of the Company cannot be deemed "unsuitable" by the applicable governmental authority issuing the license in order for such company's license to be issued and to remain valid and in effect.

A redemption notice may be delivered by Company to the Unsuitable Person and will set forth: (i) the redemption date; (ii) the number of Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares to be redeemed; (iii) the formula pursuant to which the redemption price will be determined and the manner of payment therefor; (iv) the place where such Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares (or certificate thereto, as applicable) will be surrendered for payment, duly endorsed in blank or accompanied by proper instruments of transfer; (v) a copy of the Valuation Opinion (as defined below) (if the Company is no longer listed on the CSE or another recognized securities exchange); and (vi) any other requirement of surrender of the redeemed shares.

The redemption notice will be sent to the Unsuitable Person not less than 30 trading days prior to the redemption date, except as otherwise provided below. The Company will send a written notice confirming the amount of the redemption price as soon as possible following the determination of such redemption price. The redemption notice may be conditional such that the Company need not redeem the Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares on the redemption date if the Board determines, in its sole discretion, that such redemption is no longer advisable or necessary. For purposes of the foregoing, "Fair Market Value" means: (i) the volume weighted average trading price (VWAP) of the Subordinate Voting Shares during the five (5) trading day period immediately after the date of the redemption notice on the CSE or other national or regional securities exchange on which the Subordinate Voting Shares are listed (divided by 100 in the case of the Multiple Voting Shares and the Super Voting Shares), (ii) if no such quotations are available, the fair market value per share of such Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares as set forth in a valuation and fairness opinion ("**Valuation Opinion**") from an investment banking firm of nationally recognized standing in Canada (qualified to perform such task and which is disinterested in the contemplated redemption and has not in the then past two years provided services for a fee to the Resulting or its affiliates) or a disinterested nationally recognized accounting firm.

The redemption date will be not less than 30 trading days from the date of the redemption notice unless a governmental authority requires that the Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares be redeemed as of an earlier date, in which case the redemption date will be such earlier date, and if there is an outstanding redemption notice, the Company will issue an amended redemption notice reflecting the new redemption date forthwith.

From and after the date the redemption notice is delivered, an Unsuitable Person owning Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares called for redemption will cease to have any voting rights. From and after the redemption date, any and all rights of any nature which may be held by an Unsuitable Person with respect to such person's Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares will cease and, thereafter, the Unsuitable Person will be entitled only to receive the redemption price, without interest, on the redemption date; provided, however, that if any such Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares come to be owned solely by persons other than an Unsuitable Person (such as by transfer of such Subordinate Voting Shares and/or Multiple Voting Shares to a liquidating trust, subject to the approval of any applicable governmental authority), such persons may exercise voting rights of such Subordinate Voting Shares and/or Multiple Voting Shares and the Board may determine, in its sole discretion, not to redeem such Subordinate Voting Shares. The Company's redemption right is unilateral. Unless an Unsuitable Person otherwise disposes of his, her or its Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares, such Unsuitable Person cannot prevent the Company from exercising its redemption right. Following redemption, the redeemed Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares will be cancelled.

If the Company exercises its right to redeem Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares from an Unsuitable Person: (i) the Company may fund the redemption price, which may be substantial in amount in certain circumstances, from its existing cash resources, the incurrence of indebtedness, the issuance of additional securities including debt securities, the issuance of a promissory note issued to the Unsuitable Person or a combination of the foregoing sources of funding; (ii) the number of Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares outstanding will be reduced by the number of applicable shares redeemed; and (iii) the Company cannot provide any assurance that the redemption will adequately address the concerns of any governmental authorities or enable the Company to make all required governmental filings or obtain and maintain all licenses, permits or other governmental approvals that are required to conduct its business. The Company cannot prevent an Unsuitable Person from acquiring or reacquiring shares, and can only address such unsuitability by exercising its redemption rights pursuant to the redemption provision. To the extent required by applicable laws, the Company may deduct and withhold any tax from the redemption price. To the extent any amounts are so withheld and are timely remitted to the applicable governmental authority, such amounts shall be treated for all purposes herein as having been paid to the person in respect of which such deduction and withholding was made.

A holder of the Subordinate Voting Shares and/or Multiple Voting Shares is prohibited from acquiring or disposing of five percent (5%) or more of the issued and outstanding shares of the Company (calculated on an as-converted to Subordinate Voting Share basis), directly or indirectly, in one or more transactions, without providing fifteen days advance written notice to the Company by mail sent to the Company's registered office to the attention of the Corporate Secretary. The foregoing restriction does not apply to the ownership, acquisition or disposition of shares as a result of: (i) transfer of Subordinate Voting Shares and/or Multiple Voting Shares occurring by operation of law including, inter alia, the transfer of Subordinate Voting Shares and/or Multiple Voting Shares to a trustee in bankruptcy; (ii) an acquisition or proposed acquisition by one or more underwriters or portfolio managers who hold Subordinate Voting Shares for the purposes of distribution to the public or for the benefit of a third party provided that such third party is in compliance with the foregoing restriction; or (iii) conversion, exchange or exercise of securities of the Company following the Reverse Takeover (other than the Subordinate Voting Shares) duly issued or granted by the Company, into or for Subordinate Voting Shares, in accordance with their respective terms. If the Board reasonably believes that any such holder of the Subordinate Voting Shares and/or Multiple Voting Shares may have failed to comply with the foregoing restrictions, the Company may apply to the Supreme Court of British Columbia, or such other court of competent jurisdiction for an order directing that such shareholder disclose the number of Subordinate Voting Shares held.

Notwithstanding the adoption of the proposed redemption provisions, the Company may not be able to exercise its redemption rights in full or at all. Under the British Columbia *Business Corporations Act* (the "BCBCA"), a corporation may not make any payment to redeem shares if there are reasonable grounds for believing that the Company is unable to pay its liabilities as they become due in the ordinary course of its business or if making the payment of the redemption price or providing the consideration would cause the company to be unable to pay its liabilities as they become due in the ordinary course of its business. In the event that restrictions prohibit the Company from exercising its redemption rights in part or in full, the Company will not be able to exercise its redemption rights absent a waiver of such restrictions, which the Company may not be able to obtain on acceptable terms or at all.

## **DESCRIPTION OF DEBT SECURITIES**

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

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

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

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

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

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

### **DESCRIPTION OF SUBSCRIPTION RECEIPTS**

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

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

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

- the number of Subscription Receipts;
- the price at which the Subscription Receipts will be offered and whether the price is payable in installments;
- any conditions to the exchange of Subscription Receipts into Subordinate Voting Shares, Multiple Voting Shares and/or other Securities of the Company, as the case may be, and the consequences of such conditions not being satisfied;
- the procedures for the exchange of the Subscription Receipts into Subordinate Voting Shares, Multiple Voting Shares and/or other Securities of the Company, as the case may be;
- the number of Subordinate Voting Shares, Multiple Voting Shares and/or other Securities of the Company, as the case may be, that may be exchanged upon exercise of each Subscription Receipt;
- the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- the dates or periods during which the Subscription Receipts may be exchanged into Subordinate Voting Shares, Multiple Voting Shares and/or other Securities of the Company;

- whether such Subscription Receipts will be listed on any securities exchange;
- any other rights, privileges, restrictions and conditions attaching to the Subscription Receipts; and
- any other specific terms.

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

## **DESCRIPTION OF WARRANTS**

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

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

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

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

- the exercise price of the Warrants;
- the designation of the Warrants;
- the aggregate number of Warrants offered and the offering price;
- the designation, number and terms of the Subordinate Voting Shares, Multiple Voting Shares and/or other Securities of the Company purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers;
- the dates or periods during which the Warrants are exercisable;
- the designation and terms of any securities with which the Warrants are issued;
- if the Warrants are issued as a unit with another security, the date on and after which the Warrants and the other security will be separately transferable;
- the currency or currency unit in which the exercise price is denominated;
- any minimum or maximum amount of Warrants that may be exercised at any one time;
- whether such Warrants will be listed on any securities exchange;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- any rights, privileges, restrictions and conditions attaching to the Warrants; and

- any other specific terms.

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

### **DESCRIPTION OF UNITS**

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

The particular terms and provisions of the Units offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement, which particular terms and provisions of such Units may differ from the general terms and provisions described below in some or all respects. This description will include, where applicable: (i) the designation and terms of the Units and of the Securities comprising the Units, including whether and under what circumstances those Securities may be held or transferred separately; (ii) any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of the Securities comprising the Units; (iii) whether the Units will be issued in registered or global form; and (iv) any other material terms and conditions of the Units.

### **PLAN OF DISTRIBUTION**

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

The Securities may be sold, from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices, including sales in transactions that are deemed to be “at-the-market distributions” as defined in NI 44-102, including sales made directly on the CSE or other existing trading markets for the Securities, and as set forth in an accompanying Prospectus Supplement. The prices at which the Securities may be offered may vary as between purchasers and during the period of distribution. If, in connection with the offering of Securities at a fixed price or prices, the underwriters have made a bona fide effort to sell all of the Securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial public offering price fixed in such Prospectus Supplement, in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Securities is less than the gross proceeds paid by the underwriters to the Company and/or any selling securityholders.

Only underwriters, dealers or agents so named in the Prospectus Supplement are deemed to be underwriters, dealers or agents in connection with the Securities offered thereby. If underwriters are used in an offering, the Securities offered thereby will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase Securities will be subject to the conditions precedent agreed upon by the parties and the underwriters will be obligated to purchase all Securities under that offering if any are purchased. If agents are used in an offering, unless otherwise indicated in the applicable Prospectus Supplement, such agents will be acting on a “best efforts” basis for the period of their appointment. Any public offering price and any discounts or concessions allowed or re-allowed or paid to underwriters, dealers or agents may be changed from time to time.

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

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

In connection with any offering of the Securities, subject to applicable laws and other than an “at-the-market distribution”, the underwriters or agents may over-allot or effect transactions that stabilize or maintain the market price of the offered Securities at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time.

No underwriter of the “at-the-market distribution”, and no person or company acting jointly or in concert with an underwriter, may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the Securities or Securities of the same class as the Securities distributed under the this Prospectus, including selling an aggregate number or principal amount of securities that would result in the underwriter creating an over-allocation position in the Securities.

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

#### **USE OF PROCEEDS**

Unless otherwise specified in a Prospectus Supplement, the net proceeds to the Company from any offering of Securities, the proposed use of those proceeds and the specific business objectives that the Company expects to accomplish with such proceeds will be set forth in the applicable Prospectus Supplement relating to that offering of Securities. The Company will not receive any proceeds from any sale of any Securities by the selling securityholders.

During the financial year ended December 31, 2019, the Company had negative operating cash flows. The Company expects to continue to have negative operating cash flows until sometime in 2022, when it expects to start generating positive cash flows from operations.

#### **EARNINGS COVERAGE RATIO**

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



## CONSOLIDATED CAPITALIZATION

There have been no material changes in the share and loan capital of the Company, on a consolidated basis, since the date of the Interim Financial Statements, which are incorporated by reference in this Prospectus.

The applicable Prospectus Supplement will describe any material change in, and the effect of such material change on, the share and loan capitalization of the Company that will result from the issuance of Securities pursuant to such Prospectus Supplement.

## PRIOR SALES

Information in respect of prior sales of any Securities distributed under this Prospectus and for securities that are convertible or exchangeable into Securities within the previous 12-month period will be provided, as required, in a Prospectus Supplement with respect to the issuance of Securities pursuant to such Prospectus Supplement.

## TRADING PRICE AND VOLUME

Trading price and volume of the Securities will be provided as required for all of listed securities, as applicable, in each Prospectus Supplement to this Prospectus.

## UNITED STATES REGULATORY ENVIRONMENT

### Regulation of the Cannabis Market in the United States Federally

The United States Supreme Court has ruled that Congress has the constitutional authority to enact the existing federal prohibition on cannabis.<sup>1</sup> As described further below, United States federal law now bifurcates the legality of “hemp” from “marihuana” (also commonly known as marijuana). For purposes of this Prospectus, the term “cannabis” means “marihuana” as set forth in the Controlled Substances Act (21 U.S.C. § 811) (the “CSA”) and is used interchangeably with the term “marijuana”.

The United States federal government regulates drugs through the CSA, which places controlled substances, including marijuana, on a schedule. Marijuana 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 I drugs, substances or chemicals as “drugs with no currently accepted medical use and a high potential for abuse.”

With the limited exceptions of Epidiolex, a pharmaceutical derived from the cannabis extract cannabidiol (“CBD”), and certain drugs that incorporate synthetically-derived cannabinoids (i.e., Marinol, Syndros, and Cesamet), the United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication. Moreover, under the Agriculture Improvement Act of 2018 (commonly referred to as the 2018 Farm Bill), marijuana remains a Schedule I controlled substance under the CSA, with the exception of hemp and extracts derived from hemp (such as CBD) with a tetrahydrocannabinol (“THC”) concentration of less than 0.3%.

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 CSA, 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 CSA. Although the Company’s activities are compliant with applicable United States state and local law, strict compliance

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<sup>1</sup> Gonzales v. Raich 545 U.S. 1 (2005).

with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company.

In August 2013, 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”). 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 were 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. As an industry best practice, despite the rescission of the Cole Memorandum, Vireo continues to do the following to ensure compliance with the guidance provided by the Cole Memorandum:

- Ensure the operations of its subsidiaries and business partners 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 Company retains appropriately experienced legal counsel to conduct the necessary due diligence to ensure compliance of its operations with all applicable regulations.
- 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.
- The Company 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;
- The Company 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 Company’s subsidiaries have implemented inventory-tracking systems and necessary procedures to ensure that inventory is effectively tracked and the diversion of cannabis and cannabis products is prevented.

Attorney General William Barr, who succeeded Attorney General Sessions, has not provided a clear policy directive for the United States related to state-legal cannabis-related activities. However, in a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated, “I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum.” Attorney General Barr’s statements are not official declaration of U.S.

Department of Justice (the “DOJ”) policy and are not binding on the DOJ, on any U.S. Attorney or on the Federal courts. Moreover, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that Federal authorities may enforce current U.S. Federal law. The Company will continue to monitor compliance on an ongoing basis in accordance with its compliance program and standard operating agreement procedures. While the Company’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 Legal Risks, below, there are significant risks associated with the business of the Resulting Issuer.

Although the Cole Memorandum has been rescinded, one legislative safeguard for the medical cannabis industry remains in place: Congress has passed a so- called “rider” provision in the FY 2015, 2016, 2017, 2018, and 2019 Consolidated Appropriations Acts to prevent the U.S. Department of Justice from using congressionally appropriated funds to prevent any state or jurisdiction from implementing a law that authorizes the use, distribution, possession, or cultivation of medical marijuana. The rider is known as the “Rohrabacher-Farr” Amendment after its original lead sponsors (it is also sometimes referred to as the “Rohrabacher-Blumenauer” or, in its Senate Form, the “Leahy” Amendment, but it is referred to in this Prospectus as “Rohrabacher-Farr”).

Rohrabacher-Farr is typically included in short-term funding bills or continuing resolutions by the House of Representatives, whereas the Leahy Amendment was included in the fiscal year 2020 budget by the Senate, which was signed on December 20, 2019. The Leahy Amendment prevents the U.S. Department of Justice from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. The Leahy Amendment was in effect until September 30, 2020 when the fiscal year ended. On October 1, 2020, Rohrabacher-Farr was renewed through the signing of a stopgap spending bill, effective through December 11, 2020. Until December 11, 2020, the Department of Justice is prohibited from using congressionally appropriated funds to prevent any state or territory from implementing a law that authorizes the use, distribution, possession, or cultivation of medical marijuana. While Rohrabacher-Farr was renewed through December 11, 2020, it is uncertain whether the Congress will extend the Leahy Amendment beyond September 30, 2020. As of October 30, 2020, it had not done so. In signing Rohrabacher-Farr, President Trump issued a signing statement noting that the Act “provides that the Department of Justice may not use any funds to prevent implementation of medical cannabis laws by various States and territories, “ and further stating “[he] will treat this provision consistent with the President’s constitutional responsibility to faithfully execute the law of the United States.” While the signing statement can be fairly read to mean that the executive branch intends to enforce the CSA and other federal laws prohibiting the sale and possession of cannabis, the President did issue a similar signing statement in 2017 and no major federal enforcement actions followed. Notably, Rohrabacher-Farr has applied only to medical cannabis programs and has not provided the same protections to enforcement against adult-use activities.

As of the date of this Prospectus, 33 states, plus the District of Columbia (and the territories of Guam, Puerto Rico, the U.S. Virgin Islands and the Northern Mariana Islands), have legalized the cultivation and sale of cannabis for medical purposes. In the November 3, 2020 U.S. national election, the ballots in Mississippi and South Dakota included initiatives that would legalize the medical use of marijuana by qualifying patients. As of the date of this Prospectus, a majority of voters in each of Mississippi and South Dakota voted in support of the medical marijuana initiatives for individuals who have a debilitating medical condition. It is important to note that the results of the November 3, 2020 South Dakota and Mississippi elections are still preliminary and have not yet been certified as final. In addition, Alaska, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont, Washington and the District of Columbia have legalized cannabis for adult use. In the November 3, 2020 U.S. national election, Arizona, Montana, New Jersey, and South Dakota included ballot measures that would legalize the possession and use of recreational marijuana. While a majority of voters in each respective state appears to have voted in support of the legalization, the results of each state’s election are preliminary and have not yet been certified as final as of the date of this Prospectus.

The risk of federal enforcement and other risks associated with the Company’s business are described in “*Risk Factors*” and the Company’s AIF.

## **Regulation of the Cannabis Market at State and Local Levels**

A summary overview of the licensing and regulatory framework in the markets where the Company is expected to hold licenses, rights to operate or where its subsidiaries are expected to be actively expanding into the cannabis industry can be found in the Company's AIF.

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

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

### **CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

The following discussion is a summary of the U.S. federal income tax considerations generally applicable to the ownership and disposition of the Subordinate Voting Shares. This summary is based upon U.S. federal income tax law as of the date of this Prospectus, which is subject to change or differing interpretations, possibly with retroactive effect. This summary does not discuss all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances, including investors subject to special tax rules (including, but not limited to, financial institutions, insurance companies, broker-dealers or traders in securities or currencies, tax-exempt organizations (including private foundations), individual retirement accounts or qualified pension plans, taxpayers that have elected mark-to-market accounting, S corporations, regulated investment companies, real estate investment trusts, U.S. expatriates (or former long-term residents of the United States), investors that will hold the Subordinate Voting Shares as part of a straddle, hedge, conversion, or other integrated transaction for U.S. federal income tax purposes, investors that have a functional currency other than the U.S. dollar, or persons subject to special tax accounting rules as a result of any item of gross income with respect to the Subordinate Voting Shares being taken into account in an applicable financial statement), all of whom may be subject to tax rules that differ materially from those summarized below. In addition, this summary does not discuss other U.S. federal tax consequences (e.g., estate or gift tax), any state, local, or non-U.S. tax considerations or the Medicare tax or alternative minimum tax. In addition, this summary is limited to investors that will hold the Subordinate Voting Shares as "capital assets" (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and that acquired the Subordinate Voting Shares pursuant to this Prospectus. No ruling from the Internal Revenue Service (the "IRS") has been or will be sought regarding any matter discussed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain a position contrary to any of the tax aspects set forth below.

For purposes of this summary, a "U.S. Holder" is a beneficial holder of Subordinate Voting Shares who or that, for U.S. federal income tax purposes is:

- an individual who is a United States citizen or resident of the United States;
- a corporation or other entity treated as a corporation for United States federal income tax purposes created in, or organized under the laws of, the United States, any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons (within the meaning of the Code) who have the authority to control all substantial decisions of the trust or (B) that has in effect a valid election under applicable U.S. Treasury Regulations to be treated as a United States person.

A "non-U.S. Holder" is a beneficial holder of the Subordinate Voting Shares who or that is neither a U.S. Holder nor a partnership for U.S. federal income tax purposes.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Subordinate Voting Shares, the tax treatment of a partner, member or other beneficial owner in such partnership will generally depend upon the status of the partner, member or other beneficial owner, the activities of the partnership and certain

determinations made at the partner, member or other beneficial owner level. An investor that is a partner, member or other beneficial owner of a partnership holding the Subordinate Voting Shares is urged to consult the investor's own tax advisors regarding the tax consequences of the ownership and disposition of the Subordinate Voting Shares.

THIS DISCUSSION OF U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE COMPANY URGES PROSPECTIVE HOLDERS TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF OWNING AND DISPOSING OF THE SUBORDINATE VOTING SHARES, AS WELL AS THE APPLICATION OF ANY, STATE, LOCAL AND NON-U.S. INCOME, ESTATE AND OTHER TAX CONSIDERATIONS.

#### U.S. Tax Classification of the Company

Pursuant to Section 7874(b) of the Code and the U.S. Treasury Regulations promulgated thereunder, notwithstanding that the Company has been organized under Canadian law, solely for U.S. federal income tax purposes, the Company will be classified as a U.S. domestic corporation. Accordingly, the Company will be subject to a number of significant and complicated U.S. federal income tax consequences as a result of being treated as a U.S. domestic corporation for U.S. federal income tax purposes and 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.

#### Taxation of U.S. Holders

##### *Distributions on Subordinate Voting Shares*

If the Company makes distributions with respect to a Subordinate Voting Share, the distributions generally will be treated as U.S. source dividends to a U.S. Holder of a Subordinate Voting Share to the extent of our current and accumulated earnings and profits as determined under U.S. federal income tax principles at the end of the tax year in which the distribution occurs. To the extent the distributions exceed the Company's current and accumulated earnings and profits, the excess will be treated first as a tax-free return of capital to the extent of the U.S. Holder's adjusted tax basis in the Subordinate Voting Share, and thereafter as gain from the sale or exchange of that Subordinate Voting Share. Corporate U.S. Holders may be entitled to claim the dividends-received deduction with respect to dividends paid on the Subordinate Voting Shares and such dividends may constitute qualified dividend income to individual U.S. Holders, subject in each case to applicable restrictions and eligibility requirements.

Dividends on the Subordinate Voting Shares will not constitute foreign source income for U.S. foreign tax credit limitation purposes because the Company, even though organized as a Canadian corporation, will be treated as a U.S. corporation for U.S. federal income tax purposes, as described above under "—U.S. Tax Classification of the Company." Therefore, a U.S. Holder may not be able to claim a U.S. foreign tax credit for any Canadian tax unless the U.S. Holder has sufficient other foreign source income.

##### *Sale or Other Taxable Disposition of Subordinate Voting Shares*

Upon the sale or other taxable disposition of a Subordinate Voting Share, U.S. Holders generally will recognize capital gain or loss equal to the difference between the amount realized by such holders on the disposition and their adjusted tax basis in such Subordinate Voting Share. Such gain or loss generally will be long-term capital gain or loss if the U.S. Holder held such a Subordinate Voting Share for more than one year as of the time of disposition. Long-term capital gains of individuals are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

To the extent a sale or other taxable disposition of the Subordinate Voting Shares by a U.S. Holder results in Canadian tax payable by the U.S. Holder, such U.S. Holder may not be able to claim a U.S. foreign tax credit for any Canadian tax unless the U.S. Holder has sufficient other foreign source income.

##### *Foreign Currency*

The amount of any distribution paid to a U.S. Holder in foreign currency, or the amount of proceeds paid in foreign currency on the sale, exchange or other taxable disposition of Subordinate Voting Shares, generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). A U.S. Holder will have a basis in the foreign currency equal to its U.S.

dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method of tax accounting. Each U.S. Holder should consult its own U.S. tax advisors regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

#### *Information Reporting and Backup Withholding*

In general, information reporting requirements may apply to dividends paid to a U.S. Holder and to the proceeds of the sale or other disposition of the Subordinate Voting Shares, unless the U.S. Holder is an exempt recipient. Backup withholding may apply to such payments if the U.S. Holder fails to provide a taxpayer identification number (generally, on a properly completed IRS Form W-9) or a certification of exempt status, or has been notified by the IRS that it is subject to backup withholding (and such notification has not been withdrawn). Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the U.S. Holder's U.S. federal income tax liability, provided that the holder timely furnishes the required information to the IRS.

#### Taxation of Non-U.S. Holders

##### *Distributions on Subordinate Voting Shares*

If the Company makes distributions with respect to a Subordinate Voting Share, the distributions generally will be treated as dividends to a non-U.S. Holder of a Subordinate Voting Share to the extent of the Company's current and accumulated earnings and profits as determined under U.S. federal income tax principles at the end of the tax year in which the distribution occurs. To the extent the distributions exceed the Company's current and accumulated earnings and profits, the excess will be treated first as a tax-free return of capital to the extent of the non-U.S. Holder's adjusted tax basis in the Subordinate Voting Share, and thereafter as gain from the sale or exchange of that Subordinate Voting Share.

Dividends paid to a non-U.S. Holder generally will be subject to U.S. withholding tax at a rate of 30% of the gross amount, unless the non-U.S. Holder is eligible for and properly claims a reduced rate of withholding under an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the non-U.S. Holder within the United States (and, if required by an applicable income tax treaty, are attributable to a United States permanent establishment of the non-U.S. Holder) will not be subject to U.S. withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to U.S. federal income tax on a net income basis in the same manner as if the non-U.S. Holder were a United States person, as defined under the Code. Any such effectively connected dividends received by a foreign corporation may be subject to an additional "branch profits tax" equal to 30% of its effectively connected earnings and profits (subject to certain adjustments) or at such lower rate as may be specified by an applicable income tax treaty. A non-U.S. Holder eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

##### *Gain on Sale, Taxable Exchange or Other Taxable Disposition of Subordinate Voting Shares*

Subject to the discussions below under "Taxation of Non-U.S. Holders—Information Reporting and Backup Withholding," and "Taxation of Non-U.S. Holders—Foreign Account Tax Compliance Act", a non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax in respect of gain recognized on a sale, taxable exchange or other taxable disposition of a Subordinate Voting Share, unless:

- the gain is effectively connected with the conduct of a trade or business by the non-U.S. Holder within the United States (and, if an applicable tax treaty so requires, is attributable to a U.S. permanent establishment or fixed base maintained by the non-U.S. Holder);
- the non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met; or
- the Company is or has been a United States real property holding corporation ("USRPHC") for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition or the period that the non-U.S. Holder held the Subordinate Voting Share, and, in the case where the Company's shares are regularly traded on an established securities market, the non-U.S. Holder has owned, directly or constructively,

more than 5% of our shares at any time within the shorter of the five-year period preceding the disposition or such non-U.S. Holder's holding period for the Subordinate Voting Share. There can be no assurance that Subordinate Voting Shares will be treated as regularly traded on an established securities market for this purpose.

Gain described in the first bullet point above will be subject to tax at generally applicable U.S. federal income tax rates. Any gains described in the first bullet point above of a non-U.S. Holder that is a foreign corporation may also be subject to an additional "branch profits tax" at a 30% rate (or lower applicable treaty rate). Gain described in the second bullet point above generally will be subject to a flat 30% U.S. federal income tax. Non-U.S. Holders are urged to consult their own tax advisors regarding possible eligibility for benefits under income tax treaties and the availability of U.S. source capital losses to offset gain described in the second bullet point.

If the third bullet point above applies to a non-U.S. Holder, gain recognized by such holder on the sale, taxable exchange or other disposition of Subordinate Voting Shares will be subject to tax at generally applicable U.S. federal income tax rates. In addition, a buyer of Subordinate Voting Shares from such holder may be required to withhold U.S. income tax at a rate of 15% of the amount realized upon such disposition. The Company has not performed any analysis to determine whether it is currently, or has ever been, a USRPHC. You are urged to consult your own tax advisors regarding the application of these rules.

#### *Information Reporting and Backup Withholding*

Generally, the Company must report to the IRS and to the non-U.S. Holder the amount of dividends paid with respect to, and the proceeds from the sale or other disposition of, Subordinate Voting Shares to such holder and the amount of tax, if any, withheld with respect to those payments or proceeds. Copies of the information returns and any withholding may also be made available to the tax authorities in the country in which the non-U.S. Holder resides under the provisions of an applicable income tax treaty.

A non-U.S. Holder may be subject to backup withholding of tax on dividends paid, and, depending on the circumstances, the proceeds of a sale, exchange, redemption or other taxable disposition unless the non-U.S. Holder complies with certain certification requirements to establish that it is not a U.S. Person or it otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the non-U.S. Holder's U.S. federal income tax liability, provided that the holder timely furnishes the required information to the IRS.

#### *Foreign Account Tax Compliance Act*

Under the Foreign Account Tax Compliance Act ("FATCA"), a 30% withholding tax may apply to payments of dividends on stock made to foreign financial institutions (including amounts paid to a foreign financial institution on behalf of a holder) and certain other non-financial foreign entities. Additionally, a 30% withholding tax may apply to payments of gross proceeds from the disposition of stock made to such institutions and entities; however, proposed Treasury regulations eliminate this 30% withholding tax on payments of gross proceeds. Taxpayers may rely on these proposed Treasury regulations until final Treasury regulations are issued. There can be no assurance that final Treasury regulations would provide an exemption from FATCA for gross proceeds.

Withholding under FATCA generally will not apply where such payments are made to (i) a foreign financial institution that undertakes, under either an agreement with the United States Treasury or pursuant to an intergovernmental agreement between the jurisdiction in which it is a resident and the United States Treasury, to identify accounts held by certain United States persons or United States-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to noncompliant foreign financial institutions and certain other account holders; (ii) a non-financial foreign entity that either certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner to the United States Treasury; or (iii) a foreign financial institution or non-financial foreign entity that is exempt from these rules. Investors should consult their tax advisors regarding this legislation and the regulations thereunder.

## **RISK FACTORS**

Prospective investors in a particular offering of the Securities should carefully consider, in addition to information contained in the Prospectus Supplement relating to that offering and the information incorporated by reference herein, the risks described in the AIF, Annual MD&A and Interim MD&A, which are incorporated by reference herein as at the date of the Prospectus

Supplement relating to the particular offering of Securities. There is currently no market through which the Securities (other than the Subordinate Voting Shares) may be sold and purchasers of such Securities may not be able to resell such Securities purchased under this Prospectus. There can be no assurance that an active trading market will develop for such Securities after an offering or, if developed, that such market will be sustained. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. The public offering prices of the Securities may be determined by negotiation between the Company and underwriters based on several factors and may bear no relationship to the prices at which the Securities will trade in the public market subsequent to such offering. See “Plan of Distribution”.

## **LEGAL MATTERS**

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

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The Company’s auditor is Davidson & Company LLP, Chartered Professional Accountants and is located at 1200 – 609 Granville Street, Vancouver, BC V7Y. Such auditor is independent in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Davidson & Company LLP has performed the audit in respect of certain financial statements incorporated by reference herein or attached hereto. As of the date hereof, Davidson & Company LLP, and its partners and associates, beneficially own, directly or indirectly, in their respective groups, less than 1% of any class of outstanding securities of the Company. The transfer agent and registrar for the Subordinate Voting Shares is Odyssey Trust Company at its principal offices in Calgary, Alberta.

## **PURCHASERS’ STATUTORY RIGHTS**

Unless provided otherwise in a Prospectus Supplement, the following is a description of a purchaser’s statutory rights. Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. However, purchasers of Securities distributed under an at-the-market distribution by the Company do not have the right to withdraw from an agreement to purchase the Securities and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the prospectus, prospectus supplement, and any amendment relating to the Securities purchased by such purchaser because the Prospectus, Prospectus Supplement, and any amendment relating to the Securities purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of NI 44-102.

Securities legislation in some provinces and territories of Canada further provides purchasers with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the Prospectus, Prospectus Supplement, and any amendment relating to Securities purchased by a purchaser contains a misrepresentation. Those remedies must be exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of Securities distributed under an at-the-market distribution by the Company may have against the Company or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if the Prospectus, Prospectus Supplement, and any amendment relating to Securities purchased by a purchaser contain a misrepresentation will remain unaffected by the non-delivery of the Prospectus referred to above. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.

Original purchasers of Securities which are convertible, exchangeable or exercisable for other securities of the Company (unless the Securities are reasonably regarded by the Company as incidental to the applicable offering as a whole) will have a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of such Securities. The



contractual right of rescission will be further described in any applicable Prospectus Supplement, but will, in general, entitle such original purchasers to receive, upon surrender of the underlying securities, the amount paid for the applicable convertible, exchangeable or exercisable Securities (and any additional amount paid upon conversion, exchange or exercise) in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement.

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

Purchaser's rights and remedies under applicable securities legislation against the dealer underwriting or acting as an agent for the Company in an at-the-market distribution will not be affected by that dealer's decision to effect the distribution directly or through a selling agent.

#### **PROMOTER**

Kyle Kingsley, Chief Executive Officer, Director and Chair of the Board may be considered a promoter of the Company within the meaning of applicable securities legislation by reason of his initiatives in founding and organizing the Company's business and affairs. As of the date of this AIF, Mr. Kingsley owns 65,411 Super Voting Shares, representing 100% of the outstanding Super Voting Shares as of the date of the Prospectus and Stock Options exercisable to purchase 5,100,821 Subordinate Voting Shares at \$0.33 each, expiring May 1, 2023. In 2019 the Company paid Mr. Kingsley a salary of \$360,000 and in 2018 the Company paid Mr. Kingsley a salary of \$198,462. Mr. Kingsley's salary for 2020 is \$360,000.

Vireo U.S. entered into a membership interest purchase agreement with Kyle Kingsley and David Kingsley in November 2018 for the purchase by Vireo U.S. of all of the issued and outstanding membership interests of Midwest Hemp Research LLC for \$50,000 payable on the closing of the Midwest Hemp transaction, in the form of convertible promissory notes in the original principal amount of \$25,000 for each of Kyle Kingsley and David Kingsley (the "Notes"). The Notes contained certain conversion features related to the Transaction. The determination of the consideration paid in the Midwest Hemp transaction was made by the board of directors of Vireo U.S. In July 2020, this transaction was reversed and ownership of Midwest Hemp Research LLC was transferred back to Kyle Kingsley and David Kingsley and the Notes were canceled.

#### **ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS**

Kyle Kingsley, Chief Executive Officer, Director, Chair of the Board and a promoter of the Company, John Heller, Amber Shimpa, Chief Administrative Officer and Director, Chelsea Grayson, Director, Judd Nordquist, Director and Ross Hussey, Director reside outside of Canada and each has appointed McMillan LLP, Brookfield Place, Suite 4400, 181 Bay Street, Toronto, Ontario Canada M5J 2T3, as his or her agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, even if the party has appointed an agent for service of process.

## CERTIFICATE OF THE COMPANY

Dated: November 23, 2020

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

*“Kyle Kingsley”*

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Kyle Kingsley  
Chief Executive Officer

*“John Heller”*

\_\_\_\_\_  
John Heller  
Chief Financial Officer

On Behalf of the Board of Directors

*“Amber Shimpa”*

\_\_\_\_\_  
Amber Shimpa  
Director

*“Judd Nordquist”*

\_\_\_\_\_  
Judd Nordquist  
Director

## CERTIFICATE OF THE PROMOTER

Dated: November 23, 2020

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

*“Kyle Kingsley”*

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Kyle Kingsley

Promoter