MAPLE LEAF GREEN WORLD INC.

ANNUAL INFORMATION FORM

For period year ended December 31, 2019

DATED: May 14, 2020

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GLOSSARY OF TERMS

The following is a glossary of terms used in this Annual Information Form.

"**Abridgment Application**" means the abridgment application to Health Canada made by the Company for a license to produce and sell cannabis under the ACMPR;

"**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations*, SOR/2013-230. The *Cannabis Act* came into force on October 17, 2018. Since that date, new regulations have replaced the ACMPR;

"**Annual Information Form**" or "**AIF**" means this annual information form of the Company dated May 14, 2020 for the year ended December 31, 2019;

"Application" means the Company's application under the Cannabis Act to sell and produce cannabis;

"**ARPIC**" means alternative responsible person in charge, as defined under the ACMPR;

"**Audit Committee**" means the audit committee of the Company consisting of Daniel Larkin, Najibullah Alizada, and Greg Moline;

"**BioNeva**" means BioNeva Innovations of Henderson, LLC, a subsidiary of the Company;

"**CA LOI**" means the letter of intent between the Company and Emerald;

"**Cannabis**" means the substance set out in item 1 of Schedule II to the CDSA;

"***Cannabis Act***" means Bill C-45: *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, Eliz. II: 64-65-66;

"**CBD**" means cannabidiol;

"**CBN**" means cannabinol;

"CBG" means cannabigerol;

"**CCMC**" means Canadian Construction Materials Centre;

"**CDSA**" means the *Controlled Drugs and Substances Act*, SC 1996, c 19;

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

"**Company**", "**Maple Leaf**", "**our**", "**us**" or "**we**" means Maple Leaf Green World Inc.;

"**CSA**" means the Controlled Substances Act 21 U.S.C. § 802 et seq.;

"**Cultivation License**" means the conditionally approved Medical Marijuana Establishment – Cultivation Facility – Class V (Cultivation) business license granted to BioNeva, also referred to as "**Nevada Medical Marijuana Registration Certificate C115**";

"**CUP**" means Conditional Use Permit;

"**DSA**" means the Distance Separation Analysis from the City of Henderson, in Nevada with respect to the Henderson Facility;

"**DWC**" means Deepwater Culture also known as the reservoir method;

"**Emerald**" means Emerald Farm Collective Non-Profit Mutual Benefit Corp.;

"**FCEN**" means the Financial Crimes Enforcement Network of the United States Treasury Department;

"**FDA**" means the *Food and Drugs Act*, RSC 1985, c F-27;

"**FDR**" means the *Food and Drugs Regulations*, CRC, c 870;

"**Financial Statements**" means the audited annual consolidated financial statements for the Company for the year ended December 31, 2019;

"**forward-looking statements**" has the meaning ascribed to such term under the heading "Forward-Looking Statements";

"**GPPs**" means Good Production Practices as stated in Subdivision D of the ACMPR;

"**GSGW**" means Golden State Green World LLC, a subsidiary of the Company in California, U.S.A.;

"California Hemp Project" means 20 acres of raw land with six (6) greenhouses including a 2000 sq. ft. nursery and a total growing capacity of 17,000 sq. ft. plus an additional 10,000 sq. ft. cleared area for future expansion;

"**Henderson Facility**" means SSGW's proposed facility to be located at 2000 Burns Road, Henderson, Nevada 89011 in the Pittman Planning and Eastside Redevelopment Area;

"**Henderson LOI**" means the letter of intent entered into between the Company and BioNeva on November 8, 2016 and revised on June 15, 2017;

"**Hydroponics**" means Deepwater Culture Hydroponics technology;

"IASB" means International Accounting Standards Board

"IFRS" means International Financial Reporting Standards

"**Instalogic**" means Instalogic Inc.;

"**Intellectual Property Rights**" means any statutory or non-statutory intellectual property rights in any jurisdiction, including any issued, pending, registered, filed or unfiled application for any patent (including any utility, design or plant patent, and including any continuation, continuation-in-part, divisional, re-issue, re-examination, national phase entry or regional phase entry application), copyright, trademark, industrial design, plant breeder's right, Plant Varieties Protection Act registration, or other statutory intellectual property right, and any trade secret, know-how, goodwill, or other intellectual property or other proprietary right, and any written or unwritten title, interest, license, right to bring or participate in any proceeding for past infringement or any other actionable right under or relating to any intellectual property right, or any other rights to any of the foregoing, relating to any standard operating procedures, production processes, packaging processes, labeling processes, ingredients, technology, inventions, plant varieties, clonally propagated plan material, stable cultivars, business management processes, compilations of information, contracts, records, specifications, business procedures, label designs, branding, compliance documentation, files, records, documents, drawings, specifications, equipment and data (data includes all information whether written or in an electronic format), and including any suppliers, manufacturers, equipment, methodologies, customer lists or other relevant information, relating to any of the foregoing, pertaining to the business of a party;

"**IT**" means information technology;

"**Key Personnel**" means any of the Company's officers, directors, SRPIC, RPIC, and ARPIC;

"**Licensed Dealer**" means the holder of a license issued under section 9.2 of the NCR;

"**Members**" means the members of Emerald that purchase medical cannabis from Emerald;

"**Minister**" means the Minister of Health;

"**MLFI**" means Maple Leaf Reforestation Inc.;

"**MD&A**" means management's discussion and analysis for the Company's year ended December 31, 2019;

"**MgO**" means certified magnesium oxide;

"**MMAR**" means the *Marihuana Medical Access Regulations*, SOR/2001-227;

"**MMP**" means MMP Structural Engineering Ltd.;

"**MMPR**" means the *Marihuana for Medical Purposes Regulations*, SOR/2013-119;

"**NCR**" means the *Narcotic Control Regulations*, CRC, c 1041;

"**NEO**" means Aequitas NEO Exchange Inc.;

"**OMC**" means the Office of Medical Cannabis at Health Canada;

"**OTCQB**" means the OTCQB Venture Market for early-stage and developing U.S. and international companies organized by OTC Markets Group;

"**Paramount**" means Paramount Structures Inc.;

"**PCPA**" means the *Pest Control Products Act*, SC 2002, c 28;

"**PIPEDA**" means the *Personal Information Protection and Electronics Documents Act*, SC 2000, c 5;

"**PMRA**" means the Pest Management Regulatory Agency;

"**RC**" means RC Corp., operating as Rethinking Construction;

"**Review**" means the seven-stage review process established under the ACMPR;

"**RO**" means Reverse Osmosis;

"**RPIC**" means responsible person in charge, as defined under the ACMPR;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval filing system, available at http://www.sedar.com;

"**SRPIC**" means a senior responsible person in charge, as defined under the ACMPR;

"**SSGW**" means SSGW LLC, a subsidiary of the Company in Nevada, U.S.A.

"**Subsidiaries**" means the subsidiaries of the Company consisting of GSGW, SSGW, and BioNeva, and "**Subsidiary**" means any of GSGW, SSGW, and BioNeva;

"**Telkwa Facility**" means the Company's proposed cannabis cultivation facility in Telkwa, British Columbia, Canada;

"**THC**" means delta-9-tetrahydrocannabinol;

"**TSXV**" means the TSX Venture Exchange;

"**United States**", "**US**" or **"USA**" means the United States of America, and the District of Columbia; and

"**Woodmere**" means Woodmere Nursery Ltd.

ANNUAL INFORMATION FORM

In this Annual Information Form, unless otherwise noted or the context indicates otherwise, the "Company", "Maple Leaf", "we", "us", and "our" refer to Maple Leaf Green World Inc. and when used in reference to activities in Canada, the term "cannabis" is used in the "Cannabis Act" and relevant state laws.

Reference is made in this Annual Information Form to the Financial Statements and the MD&A for Maple Leaf for the year ended December 31, 2019, together with the auditors' report thereon. The Financial Statements and MD&A are available for review under the Company's SEDAR profile at www.sedar.com. All financial information in this Annual Information Form is prepared in Canadian dollars and using International Financial Reporting Standards as issued by the International Accounting Standards Board. The information contained herein is dated as of May 14, 2020 unless otherwise stated.

All references in this Annual Information Form to the Company or Maple Leaf also include references to the Subsidiaries of the Company as applicable, unless the context requires otherwise.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains certain information that may constitute "forward-looking information" and "forward-looking statements" which are based upon the Company's current internal expectations, estimates, projections, assumptions, and beliefs. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget" or "budgeted", "scheduled", "estimates", "projects", "intends", "proposes", "complete", "anticipates" or "does not anticipate", "believes", "likely", "may", "will", "should", "intend", "anticipate", "proposed", "potential", or variations of such words and phrases or state that certain actions, events, or results "may", "can", "could", "would", "might", "will be taken", "occur", or "be achieved", and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking statements include, but are not limited to estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Forward-looking statements are subject to known and unknown risks, uncertainties, the extent and impact of the novel coronavirus (COVID-19) outbreak on our business and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. The forward-looking statements included in this Annual Information Form are made only as of the date of this Annual Information Form. Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to:

- the performance of the Company's business and operations;
- the intention to grow the business, operations and product offerings of the Company;
- the competitive conditions of the industry;
- applicable laws, regulations and any amendments thereof;
- the competitive and business strategies of the Company;
- the Company's operations in the United States, the characterization and consequences of those operations under federal United States law and applicable State law, and the framework for the enforcement of applicable laws in the United States;
- the general economic, financial market, regulatory and political conditions in which the Company operates; and
- expectations regarding the timing of construction, development, and use of our facilities.

Although we base the forward-looking statements contained in this AIF on assumptions that we believe are reasonable, we caution you that actual results and developments (including our results of operations, financial condition and liquidity, and the development of the industry in which we operate) may differ materially from those made in or suggested by the forward-looking statements contained in this AIF. In addition, even if results and developments are consistent with the forward-looking statements contained in this AIF, those results and developments may not be indicative of results or developments in subsequent periods. With respect to forward-looking statements contained in this AIF, the Company has made assumptions regarding, among other things:

- the Company's ability to implement its growth strategies and business plan;
- the Company's ability to maintain strong business relationships with its customers, suppliers, wholesalers and distributors;
- the Company's ability to keep pace with changing consumer preferences;
- ongoing ability to conduct business in the regulatory environments in which the Company operates and may operate in the future; and
- the absence of material adverse changes in the Company's industry or the global economy.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, the following risk factors described in greater detail under the heading "*Risk Factors*":

- the Company's interpretation of and changes to federal and state laws pertaining to Hemp;
- risks associated with numerous laws and regulations;
- incorrect interpretation of the 2018 Farm Bill (as defined below);
- international regulatory risks;
- uncertainty caused by potential changes to regulatory framework;
- NDI objection by FDA;
- FDA interpretation of IND preclusion;
- regulatory approval and permits;
- environmental, health and safety laws;
- anti-money laundering laws and regulations;
- banking matters;
- ability to access public and private capital and banking services;
- denial of deductibility of certain expenses;
- liability for actions of employees, contractors and consultants;
- product viability;
- success of quality control systems;
- product recalls, product liability and product returns;
- positive test for THC or banned substances;
- weather patterns and agriculture operations risks;
- availability of adequate crop insurance;
- risks relating to obtaining farmland;
- other agricultural production risks;
- hemp plant specific agricultural risks;
- transportation risk;
- domestic supply risk;
- reliance on third party suppliers, service providers and distributors;
- industry competition;
- intra-industry competition;
- other conflicts of interest;

- changing consumer preferences and customer retention;
- maintaining and promoting the Company's brand;
- unfavourable publicity or consumer perception;
- inability to sustain pricing models;
- reliance on key inputs;
- effectiveness and efficiency of advertising and promotional expenditures;
- key officers and employees;
- inability to renew material leases;
- obtaining insurance;
- additional financings;
- management of growth;
- risks related to acquiring companies and partnerships, including risks related to integration;
- breach of confidentiality;
- inability to protect intellectual property;
- intellectual property claims;
- litigation;
- trade secrets may be difficult to protect;
- use of customer information and other personal and confidential information;
- data security breaches;
- global economic uncertainty;
- risks related to the Company's social responsibility goals;
- emerging industry;
- forward-looking statements and information;
- limited market for securities;
- potential volatility of prices of Common Shares and other listed securities;
- dividends to Shareholders;
- holding company structure;
- future sales of Common Shares by the Shareholders, directors or officers;
- risks related to potential changes in definition of foreign private issuer;
- risks related to the Company's loss of foreign private issuer status in the United States;
- significant obligations of a public company;
- financial reporting and other public company requirements;
- impact on securities resales into the United States;
- risk related to non-compliance with Regulation S under the U.S. Securities Act;
- impact of future securities sales by existing Shareholders;
- influence of the significant Shareholders;
- limited control over the Company's operations;
- working capital and future issuances;
- securities or industry analysts;
- dilution;
- return on shares is not guaranteed;
- volatile market price of the Common Shares;
- compliance with changes in legal, regulatory and industry standards;
- risks related to entry into international markets;
- risks relating to FDA actions and communications;
- shelf life of products;
- reputational risks;
- natural disasters, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events;
- impacts of COVID-19 to the Company's business;
- climate change related risks;

- risks relating to counterparties, including insolvency or inaction;
- industry and intra-industry competition;
- relationships with customers and retailers;
- implementation of growth strategy;
- difficulty in forecasting;
- class action litigation risks;
- risks relating to information technology systems add data security breaches;
- risks relating to obtaining future financing;
- risks relating to regulation and oversight authorities; and
- the other factors referred to under "*Risk Factors*".

These factors should not be construed as exhaustive and should be read with the other cautionary statements in this AIF. If any of these risks or uncertainties materializes, or if any of the above opinions, estimates or assumptions underlying the forward-looking statements prove incorrect, actual results and developments may differ materially from those made in or suggested by the forward-looking statements. The opinions, estimates or assumptions referred to above and described in greater detail in "*Risk Factors*" should be considered carefully by readers.

Although we have attempted to identify important risk factors, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results and developments to differ materially from those made in or suggested by the forward-looking statements. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place substantial weight or undue reliance on forward-looking statements, which speak only as of the date made. The forward-looking statements contained in this AIF represent our expectations as of the date of this AIF (or as the date they are otherwise stated to be made) and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The Company undertakes no obligation to publicly update or revise any forward-looking statements in this AIF or the MD&A or other disclosure incorporated by reference herein, whether as a result of new information, future events or otherwise, except as required under applicable securities law in Canada.

Non-IFRS Financial Measures

The Company prepares and reports its consolidated financial statements in accordance with IFRS as issued by the IASB. However, this AIF may make reference to certain non-IFRS measures including key performance indicators used by management. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS measures including "EBITDA" and "Adjusted EBITDA" which may be calculated differently by other companies. These non-IFRS measures and metrics are used to provide investors with supplemental measures of our operating performance and liquidity and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS measures. The Company also

believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of companies in similar industries. Management also uses non-IFRS measures and metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of executive compensation. For definitions and reconciliations of these non-IFRS measures to the relevant reported measures, please see the "Adjusted EBITDA" section of the Company's Management's Discussion and Analysis ("**MD&A**") dated May 14, 2020 for the financial year ended December 31, 2019. A copy of the MD&A can be accessed under the Company's profile on SEDAR at www.sedar.com.

Market, Independent Third Party and Industry Data

Unless otherwise indicated, the Company has obtained the market and industry data contained in this AIF from its internal research, management's estimates and third-party public information and other industry publications. While the Company believes such internal research, management's estimates and third-party public information is reliable, such internal research and management's estimates have not been verified by any independent sources and the Company has not verified any third-party public information. While the Company is not aware of any misstatements regarding the market and industry data contained in this AIF, such data involves risks and uncertainties and are subject to change based on various factors, including those described under "*Cautionary Statement Regarding Forward-Looking Information and Statements*" and "*Risk Factors*".

CORPORATE STRUCTURE

Name, Address, and Incorporation

The Company was formed by the amalgamation of MLFI and Intercontinental Mining Corp. under the *Business Corporations Act* (Alberta), RSA 2000, c B-9 on February 24, 2005. MLFI changed its name to "Maple Leaf Green World Inc." by Certificate of Amendment dated October 9, 2012.

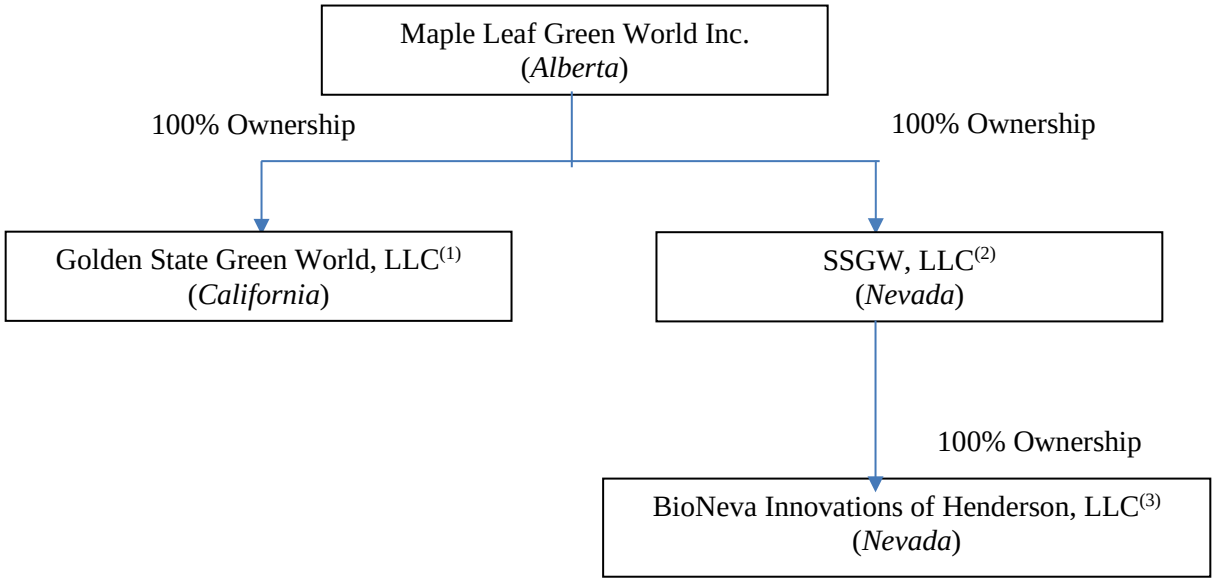
Maple Leaf's Common Shares are listed under the symbol "MGWFF" on the OTCQB and were previously listed under the symbol "MGW" on the TSXV. On April 19, 2018 the Company voluntarily delisted its Common Shares from the TSXV and subsequently completed the listing of the Common Shares on the NEO on April 20, 2018.

Maple Leaf has a registered office and head office located at Suite 500, 1716 – 16 Avenue NW, Calgary, Alberta T2M 1H1. The Company's telephone number is (403) 452-4552 and Maple Leaf's corporate website is www.mlgreenworld.com.

Intercorporate Relationships

On November 3, 2014, the Company filed Articles of Organization to form a limited liability company, GSGW, under the laws of the State of California. The registered address of GSGW is 120 Puerto del Sol, San Clemente, CA, USA 92673. The Company owns 100% of the membership interests of GSGW.

On March 1, 2017, the Company filed Articles of Organization to form a limited liability company, SSGW, under the laws of the State of Nevada. The Company owns 100% of the membership interests of SSGW. SSGW purchased all of the ownership interests in BioNeva effective January 23, 2018. The registered address of both SSGW and BioNeva is 710 Coronado Center Drive, Suite 121, Henderson, Nevada, USA 89052. The following diagram describes the current intercorporate relationships of the Company.



Notes:

(1) The Company owns 100% of the membership interests of GSGW. GSGW is a limited liability company formed under the laws of the State of California.
(2) The Company owns 100% of the membership interests of SSGW. SSGW is a limited liability company formed under the laws of the State of Nevada.
(3) SSGW, a subsidiary of the Company, purchased all of the ownership interests in BioNeva effective January 23, 2018. BioNeva is now a subsidiary of the Company as a result of the transaction.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

General Description of the Business

Maple Leaf and its Subsidiaries focus on the emerging cannabis industry in North America. The Company devotes its time, effort, and capital to seek cannabis business opportunities, including seeking to obtain a license to produce and sell cannabis from Health Canada pursuant to the Cannabis Act. Maple Leaf is engaged in hemp related activities, solely in the state of California, USA as of the date of this Annual Information Form. On December 3, 2019, the Company announced that GSGW has received a Hemp Seed Cultivation License ("**The License**") from Riverside County to start breeding Hemp Seed for CBG enriched Hemp.

Activities in Canada

The Company has limited activities in Canada as of the date of this Annual Information Form. The Company began to construct a 27,000 square foot Cannabis cultivation facility at Telkwa, BC. As of the date of this MD&A the facility is approximately 75% complete. During the year ended December 31, 2019 the Company pursued the exercise of the $500,000 land purchase option in the lease contract for the purpose of securing a construction mortgage. This is currently on hold until the subdivision is approved by the BC Agriculture Land Commission pending a solution being worked out with the landlord.

The Company filed an Application with the OMC at Health Canada for a license to produce and sell dried marihuana under the provisions of the MMPR on July 21, 2014. The MMPR were replaced by the ACMPR on August 24, 2016, and the Application was continued under the ACMPR. On October 17, 2018 the Cannabis Act came into force and new regulations have replaced ACMPR. The Company received notice from Health Canada that its application had progressed to stage 5 review of the Review process and has "active review" status.

Activities in the United States

(a) California

In October of 2014, the Company entered into the CA LOI with Emerald, based out of Anza, California, to help support Emerald's supply of medical cannabis needs to its Members. The CA LOI expressed Maple Leaf's intention to provide land, building, equipment, capital, and consulting services to Emerald in support of Emerald's medical cannabis production. Emerald is incorporated and regulated by the California Secretary of State as a non-profit mutual benefit corporation. Emerald and the Company subsequently agreed to reorganize their business arrangement by dividing the obligations under the CA LOI into two separate agreements, the terms of which superseded the CA LOI. The two agreements were a Lease & Property Agreement and a Consulting Agreement. By September of 2016, Emerald started to harvest the various test plants it had chosen to cultivate, but experienced final product delivery issues. Therefore, Emerald reported to the Company that it did not realize a cash profit. However, pursuant to the agreements in place, the Company had already started to charge Emerald the lease fee and the consulting fee. During the first quarter of 2017, the Company recorded a consulting fee of $96,202 and lease fee (revenue) of $115,443 on its financial statements, but ultimately it did not actually receive these revenues. Maple Leaf therefore did not book the lease and consulting fees in any subsequent period, nor record a receivable. Emerald did not have the cash to pay to Maple Leaf, in spite of selling a portion of the production, because it was only able to pay its own expenses. Due to ongoing productivity issues, the Company terminated its relationship with Emerald on January 1, 2018, as announced by the Company on January 23, 2018.

In March of 2015, GSGW entered into an agreement to purchase approximately twenty acres of land in Riverside, California for an aggregate purchase price of $120,000 USD. The Company paid $18,866 (USD$15,000) in cash, with the balance payable by way of a promissory note secured by a Deed of Trust and bearing interest at the rate of 6% per annum. The maturity date on the promissory note is March 1, 2020 and has been renewed until March 1, 2022.

On April 27, 2020 the Company announced that all six (6) greenhouses for their California Hemp Project are complete and fully operational. The six (6) new greenhouses include a 2000 sq. ft. nursery used for seed germination, housing mother plants, and crossbreeding strains. This completes a total growing capacity of 17,000 sq. ft. An additional 10,000 sq. ft. of land has been cleared and is ready for further expansion. Maple Leaf further announced that the shipment of La Crème seedlings arrived ahead of schedule and has been placed in its nursery. La Crème is considered a top CBG strain due to its 18% CBG concentration with 0.20% THC. The Company will continue to search for other top quality CBG strains, as well as strains with specific characteristics and traits for breeding.

(b) Nevada

In November of 2016, SSGW entered into a letter of intent with BioNeva to purchase 100% of the Cultivation License for USD$500,000 cash. On June 15, 2017, the Henderson LOI was updated to allow for the acquisition of all outstanding ownership interests in BioNeva on the same terms, which would permit SSGW to indirectly acquire the Cultivation License.

In January of 2017, Maple Leaf entered into a purchase agreement to acquire 3.89 acres of land in the City of Henderson, Nevada, for USD$875,000. This land will house the Henderson Facility, to be owned by

SSGW. In order for SSGW and BioNeva to operate under Nevada Medical Marijuana Registration Certificate C115 at the Henderson Facility, the City of Henderson must approve the transfer of Nevada Medical Marijuana Registration Certificate C115 to the Henderson Facility.

In February of 2017, the Company received a DSA from the City of Henderson with respect to the Henderson Facility as a "Medical Marijuana Establishment – Cultivation Facility". The Henderson Facility was reviewed for compliance with the Title 19 – Medical Marijuana Establishment Distance Separation Requirements as listed in Table 19.5.5-2 of the Henderson Development Code. Based on the findings in the DSA, the Henderson Facility is suitable for a "Medical Marijuana Establishment – Cultivation Facility" within the City's municipal boundaries. The DSA is an important step in transferring Nevada Medical Marijuana Registration Certificate C115 to the Henderson Facility from its previous address. The next step required SSGW to submit its building plan to the City of Henderson for approval, leading to a CUP. SSGW has received the CUP and may now complete construction of the Henderson Facility. After receipt of all final approvals, SSGW may commence cannabis productions. SSGW also received final approval for the transfer of ownership of BioNeva on January 29, 2018.

In March of 2017, Maple Leaf paid USD$875,000 into escrow to acquire the land for the Henderson Facility at 2000 Burns Ave, Henderson, NV 89011, USA, and the land title was transferred upon closing to SSGW in April of 2017. In August of 2017, the Company engaged Thompson Global Partners, LLC to initiate the design, engineering and construction of the Henderson Facility, consisting of a 20,000 ft^2 greenhouse.

Effective January 29, 2018 the Company purchased all the ownership interest in BioNeva for USD$500,000, through the Company's wholly owned subsidiary, SSGW. BioNeva previously obtained conditional approvals for obtaining the Cultivation License in the City of Henderson, Nevada.

On December 31, 2018, the Cultivation License expired because the facility was not complete. The Company appealed the decision to the Taxation Dept. and was informed that the appeal had been denied in March 2019. The Company has the option to appeal the Taxation Dept's decision to the State's Special Review Committee, however, after an extensive evaluation of the construction cost and political environment in comparison of Henderson versus other Nevada jurisdictions for cannabis, the Company has decided to forfeit the Henderson cultivation facility. The Company has retained a Las Vegas area realty broker to maximize the sale of the land owned by Maple Leaf in Henderson as the real estate value of the land has increased substantially since the acquisition in 2017. The Company is actively seeking new real estate zoned for cannabis cultivation in both the City of North Las Vegas and Clark County. The Company is also presently in preliminary negotiations with three potential groups offering their Nevada cultivation certificates and businesses. The Company believes this move will result in cost savings and future operational expenses savings in the long run.

In January 2020, the Company sold its land in the City of Henderson, Nevada, for USD$1,350,000 and proposed Henderson Facility was terminated. After paying its mortgage the balance of proceeds of sale were used for expansion of their California Hemp project. The Company is still in negotiation with a licensed producer in Clarke County to purchase a majority ownership of their operation.

Debt and Equity Financings

On May 4, 2017, the Company closed a non-brokered private placement of 13,216,070 units at $0.55 per unit for aggregate gross proceeds of $7,268,838.50. Each unit consisted of one Common Share and one Common Share purchase warrant (the "Warrants"). Each whole warrant is exercisable into one Common Share at a price of $0.85 per Common Share until May 4, 2019.

On June 15, 2018, the Company closed a non-brokered private placement of 4,093,699 units at a price of $0.60 per unit for aggregate gross proceeds of $2,456,219.40. Each unit consisted of one Common Share and

one Common Share purchase warrant. Each warrant entitled the holder to purchase an additional Common Share at an exercise price of $0.90 per share for a period of two years from the date of issue.

On August 13, 2018, the Company closed a non-brokered private placement of 797,000 units at a price of $0.60 per unit for aggregate gross proceeds of $478,200. Each unit consisted of one Common Share and one Common Share purchase warrant. Each warrant entitled the holder to purchase an additional Common Share at an exercise price of $0.90 per share for a period of two years from the date of issue.

On October 29, 2018, the Company closed a non-brokered private placement of 133,000 units at a price of $0.60 per unit for aggregate gross proceeds of $79,800. Each unit consisted of one Common Share and one Common Share purchase warrant. Each warrant entitled the holder to purchase an additional Common Share at an exercise price of $0.90 per share for a period of two years from the date of issue.

The majority of minority disinterested shareholders of the Company approved the price reduction and extension of 17,818,497 Warrants to $0.60 with a new expiry date of April 29, 2022.

On May 10, 2019, the Company closed a non-brokered private placement of 1,450,000 Common Share at a price of $0.13 per Common Share for aggregate gross proceeds of $188,500.

On May 10, 2019, the Company issued 387,096 Common Share at a price of $0.16 per Common Share for aggregate gross proceeds of $60,000 to Woodmere in satisfaction of debt related to Telkwa land lease.

Significant Acquisitions

The Company did not complete any significant acquisitions during Maple Leaf's most recently completed financial year for which disclosure is required under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations* and as a result, the Company has not filed a Form 51-105F4 in respect of any acquisitions.

DESCRIPTION OF THE BUSINESS

General Development of Business Three Year History

Maple Leaf and its Subsidiaries focus on the emerging cannabis industry in North America. The Company devotes its time, effort, and capital to seek medical cannabis business opportunities, including seeking to obtain a license to produce and sell cannabis in Canada. The Company's objective is to acquire a license under Cannabis Act and produce pesticide-free, top quality cannabis in the Telkwa Facility, utilizing Hydroponics technology, as described in detail under "Production and Services" below. It is expected that medical cannabis patients will initially be consumers of this product. However, Health Canada has not published any standards or timelines regarding the length of time for approval of license applications under the Cannabis Act. Therefore, the timeline for grant of the license by Health Canada is uncertain and cannot be estimated since the Company is still in the license application process. There is no assurance that the Company will obtain the license. Additionally, there is no assurance that the Company will be able to acquire the required financing, assets, or personnel to grow Cannabis.

Maple Leaf is also engaged in California Hemp Project in the state of California, USA only at the date of this Annual Information Form.

Summary

For a general summary of the Company's Canadian activities, please see "General Development of Business – Three Year History – Activities in Canada" in this Annual Information Form. The Company has not received any revenues from its Canadian activities to date.

As of the date of this AIF, the Telkwa Facility is 80% complete and work is stopped due to lack of funding.

In January of 2020, the Company sold its property in Henderson Nevada. The balance of net proceeds from the sale have been used to finance the Company's California project.

The Company has six (6) greenhouses constructed for its California Hemp Project. They are all complete and fully operational. The six (6) new greenhouses include a 2000 sq. ft. nursery used for seed germination, housing mother plants, and crossbreeding strains. This completes a total growing capacity of 17,000 sq. ft. An additional 10,000 sq. ft. of land has been cleared and is ready for further expansion.

Competitive Conditions

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories, more financial resources, and greater manufacturing and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the business, its financial condition, and in general the operations of the Company.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales, and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, its financial condition, and results of operations.

Management believes that the principal aspects of competition between Maple Leaf and its competitors will be the price and quality of cannabis, and the client service provided to patients. While Maple Leaf will price its cannabis according to market demands, it anticipates a lower cost of production compared to its competitors. This is expected to provide Maple Leaf with pricing flexibility while maintaining healthy margins relative to its competitors. Additionally, Maple Leaf will strive to have better and faster service by having more on hand trained staff than other Licensed Producers. Maple Leaf also plans to maintain a minimum level of inventory to ensure that the Company can continue to provide its customers with unmatched quality on a consistent basis while also acquiring new customers without supply interruptions.

Industry Overview

The Company plans to make high quality and proprietary strains of whole-plant hemp extracts containing a full spectrum of phytocannabinoids, including naturally occurring CBG. Hemp extracts are produced from Hemp, which is generally speaking Cannabis with less than 0.3% THC. THC causes psychoactive effects when consumed and is typically associated with marijuana (i.e. Cannabis with high- THC content). The Company does not produce or sell medicinal or recreational marijuana or products derived from high-THC Cannabis/marijuana plants. Hemp products have no psychoactive effects.

Hemp extracts contain an assortment of naturally occurring substances, including phytocannabinoids, terpenes, flavonoids and other minor but valuable hemp compounds. The Company believes the presence of various phytocannabinoids, terpenes and flavonoids work synergistically to heighten the effects of the products, making them superior to single-compound CBG isolates.

While complete scientific corroboration for the uses of CBG are still in their infancy, industry reports suggest consumers are using CBD for various applications including assistance with sleep, daily stress, anxiety, pain relief, cognitive function and immune health, among other applications.

In addition to the industry and consumer reported uses of CBG, significant research is currently being conducted on the use of CBD as it relates to the following, among other topics: epilepsy, post-traumatic stress disorder, cancer, autism, neuroprotection, anti-inflammatory effects, anti-tumor effects, and anti-psychotic effects.

Production Capacity and Market Price

Maple Leaf's main product line will include flowers, seeds and biomass. Clones will be made available per client request. The Company is also pleased to report that after closer inspection of the seedlings; we have observed strong growth and can comfortably double the number of clones clipped from each plant. This increases our original conservative estimate of 1,500 plants to approximately 3,000 plants. Each plant will yield approximately 2 lbs of cured flowers or 10,000 seeds with 90% feminine; and 3 lbs of CBG biomass. The Company plans to begin propagation this week followed by new cuttings every 2 weeks as more nodes develop. This will yield 3-5 clones biweekly per plant and totaling roughly 300,000 clones per year. The Company's yearly production yield is estimated at approximately 18,000 lbs of cured flowers or 3,000 lbs of feminized seeds (1 lb contains approx. 27,000 seeds), and 27,000 lbs of CBG biomass. The current market price for La Crème is approximately $5 USD/clone, $400 – $800 USD/lb for cured flowers, $1 USD/seed, and $200/lb of CBG biomass.

Maple Leaf's shipment of La Crème seedlings arrived ahead of schedule and has been placed in the nursery. The seedlings are healthy and have been maturing for a week. La Crème is considered a top CBG strain due to its 18% CBG concentration with 0.20% THC. The Company will continue to search for other top quality CBG strains, as well as strains with specific characteristics and traits for breeding.

Employees

As of December 31, 2019, Maple Leaf had 1 employee. The Company also employed 4 contractors and/or consultants, some of whom also serve in executive officer roles.

License and Regulations

Regulatory Framework in Canada

Background

On October 17, 2018, the Cannabis Act and the *Cannabis Regulations* (the "**Cannabis Regulations**") came into force. The Cannabis Regulations establish six classes of licenses: (i) cultivation; (ii) processing; (iii) sale for medical purposes; (iv) analytical testing; (v) research; and (vi) cannabis drug. The Cannabis Regulations also create subclasses for cultivation licenses (standard cultivation, micro-cultivation and nursery) and processing licenses (standard processing and micro-processing). Different licenses and each sub-class therein carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each category and sub-class. The Cannabis Act includes transitional provisions applicable to previous licenses. Due to the repeal of the "**ACMPR**" and the amendment of the CDSA and NCR, the Cannabis Act provides that certain licenses issued under that legislation are deemed to be licenses under the Cannabis Act.

Maple Leaf has successfully transitioned their application into the Cannabis Tracking and Licensing System **(the "CTLS").**

Recent Regulatory Developments

Federal Developments

The Cannabis Act provides a licensing and permitting scheme for, among other things, the cultivation, processing, testing, packaging, labelling, distribution, sale, possession and disposal of adult-use cannabis, implemented by regulations made under the Cannabis Act. As discussed below, the Cannabis Regulations include, among other things, strict specifications for the plain packaging and labelling and analytical testing of all cannabis products as well as stringent physical and personnel security requirements for all federally licensed cultivation, processing and sales sites.

Security Clearances

Certain people associated with licensed producers, including, but not limited to, directors and officers of a License Holder and any organization that controls the License Holder, the key positions identified by license class (e.g. master grower, quality assurance person, head of security), and any individual or position specified by the Minister pursuant to Section 67(2) of the Cannabis Act must hold a valid security clearance issued by the Minister. Under the Cannabis Regulations, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences, among other reasons. Individuals who have histories of nonviolent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) are not automatically precluded from participating in the legal cannabis industry. The grant of security clearance to such individuals is at the discretion of the Minister and such applications will be reviewed on a case-by-case basis.

Cannabis Tracking System and Reporting

Under the Cannabis Act, the Minister is authorized to establish and maintain a national cannabis tracking system. The CTLS has since been established to create a seed to sale tracking system to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the illegal market. Under this tracking system, certain License Holders are required to submit monthly reports to Health Canada, among other things. The CTLS applies to

- holders of federally issued licenses for cultivation, processing and sale for medical purposes, which are required to provide information to the Minister;
- public provincial and territorial bodies that are authorized to sell cannabis under a provincial and territorial act, which are required to provide information to the Minister; and
- private distributors and retailers, which are required to provide data to the public body authorized to sell cannabis or that authorizes sale under provincial and territorial legislation (typically a crown corporation or a provincial ministry).

The information required to be reported pursuant to the CTLS is extensive.

Cannabis Products

The Cannabis Act and the Cannabis Regulations set out certain requirements for the sale of cannabis products at the retail level and will initially permit the sale of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, including in “pre-rolled” and capsule form. The THC content of oil and serving size of certain cannabis products is limited by the Cannabis Regulations.

While the sale of dried cannabis, fresh cannabis, cannabis seeds, plants and oil are currently permitted under the Cannabis Act, the sale of edibles containing cannabis and cannabis concentrates are not. On December 22, 2018, the Canadian federal government published the draft of the proposed *Regulations Amending the Cannabis Regulat*ions in the Canada Gazette (the "**Further Regulations**"). The Further Regulations propose amending the Cannabis Act and Cannabis Regulations to, among other things; allow the production and sale of extracts (including concentrates), edibles and topicals in addition to the currently permitted product forms. The Further Regulations were subject to a 60-day comment period which has now concluded, and they may be further amended before implementation based on the comments received.

Packaging and Labelling

The Cannabis Regulations set out strict requirements pertaining to the packaging and labelling of cannabis products. These requirements are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis, while also reducing the appeal of cannabis to youth and promoting safe consumption. Cannabis package labels must include specific information, including, among other things, the: (i) product source information, including the class of cannabis and the name, phone number, and email of the cultivator or processor, as applicable; (ii) a mandatory health warning, rotating between Health Canada's list of standard health warnings; (iii) the Health Canada standardized cannabis symbol; and (iv) information specifying THC and CBD content. The Cannabis Regulations also establish strict limits that apply to the use of colors, images, and brand elements that may prevent or inhibit product differentiation.

Advertising and Promotions

The Cannabis Act prohibits any promotion, packaging and labelling of cannabis that could be appealing to young persons or encourage its consumption, while allowing consumers to have access to information with which they can make informed decisions about the consumption of cannabis. In particular, the Cannabis Act provides for broad restrictions on the promotion, packaging and labelling, display, and sale and distribution of cannabis and cannabis accessories. Subject to additional restrictions imposed by the provinces and territories, the promotion, packaging and labelling, display and sale and distribution of cannabis and cannabis accessories is strictly controlled to prevent persons under the age of 18 from being exposed to such activities and to prevent the encouragement of consumption of cannabis. As such, the promotion, packaging and labelling, display and sale and distribution of cannabis and cannabis accessories takes place in a highly regulated environment which will restrict persons to brand and market their products in a manner consistent with other industries which are not subject to such controls.

Cannabis for Medical Purposes

Part 14 of the Cannabis Regulations sets out the regime for medical cannabis following legalization, which is similar to the Act, with adjustments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system. Patients who have the authorization of their healthcare practitioner will continue to have access to medical cannabis, either purchased directly from a License Holder, or by registering to produce a limited amount of cannabis for their own medical purposes or designating someone to produce cannabis for them.

With respect to starting materials for personal production, such as plants or seeds, they must be obtained from License Holders. It is possible that this could significantly reduce the addressable market for the

Company's products and could materially and adversely affect the business, financial condition and results of operations of the Company. That said, management of the Company believes that many patients may be deterred from opting to proceed with these options since such steps require applying for and obtaining registration from Health Canada to grow cannabis, as well as the up-front costs of obtaining equipment and materials to produce such cannabis. See "– *Competitive Conditions"*.

Export Permits

Export permits issued by Health Canada are specific to each shipment and may only be obtained for medical of scientific purposes. To apply for a permit to export cannabis, a License Holder must submit significant information to the Minister including information about the substance to be exported (including description, intended use, quantity) and the importer. As part of the application, applicants are also required to provide a copy of the import permit issued by a competent authority in the jurisdiction of final destination and to make a declaration to the Minister that the shipment does not contravene the laws of the jurisdiction of the final destination or any country of transit or transshipment. Export permits are time limited and the Minister of Health may include conditions that the export permit holder must meet in order to comply with an international obligation, or reduce any potential public health, safety or security risk, including the risk of the exported substance being diverted to an illicit market or use. Moreover, the jurisdiction of import may impose additional obligations on a Canadian exporter. Export permit holders must also comply with post- export reporting requirements.

Provincial and Territorial Developments

While the Cannabis Act provides for the regulation by the Canadian federal government of, among other things, the commercial cultivation and processing of cannabis and the sale of medical cannabis, the various provinces and territories of Canada regulate certain aspects of adult-use cannabis, such as distribution, sale, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

The governments of every Canadian province and territory have implemented their regulatory regimes for the distribution and sale of cannabis for adult-use purposes. Most provinces and territories have announced a minimum age for possession and consumption of 19 years old, except for Québec and Alberta, where the minimum age is 21 and 18, respectively. A summary of the legislative framework in each province and territory is set out below. There is no guarantee that the provincial and territorial frameworks supporting the legalization of cannabis for adult-use in Canada will continue on the terms outlined below or at all or will not be amended or supplemented by additional legislation.

British Columbia

The distribution and sale of adult-use cannabis in British Columbia is primarily governed by the *Cannabis Control and Licensing Act*, the *Cannabis Distribution Act* and the related regulations. The British Columbia Liquor Distribution Branch is the province's wholesale distributor of cannabis and operates retail and online sales. Private retail stores are permitted and are licensed by the British Columbia Liquor and Cannabis Regulation Branch.

Alberta

The distribution and sale of adult-use cannabis in Alberta is primarily governed by the *Gaming, Liquor and Cannabis Act* and the related regulations. The Alberta Gaming, Liquor and Cannabis Commission (the

"**AGLC**") is the sole wholesale distributor of cannabis in the province. Sales of cannabis are permitted through privately run retail stores and online by the AGLC.

Saskatchewan

The distribution and sale of adult-use cannabis in Saskatchewan is primarily governed by *The Cannabis Control (Saskatchewan) Act* and the related regulations. Both the wholesale and retail sale of cannabis (both in-store and online) are conducted by private companies in Saskatchewan, which are regulated by the Saskatchewan Liquor and Gaming Authority.

Manitoba

The distribution and sale of adult-use cannabis in Manitoba is primarily governed by the *Liquor, Gaming and Cannabis Control Act* and the related regulations. Cannabis in the province is distributed by the Manitoba Liquor and Lotteries Corporation. Retail and online sales of cannabis are conducted by private retailers under the regulation of the Liquor, Gaming and Cannabis Authority of Manitoba.

Ontario

The distribution and sale of adult-use cannabis in Ontario is primarily governed by the *Cannabis Control Act, 2017,* the *Cannabis Licence Act*, *2018* and the related regulations. The Ontario Cannabis Retail Corporation is the wholesale distributor of cannabis and conducts all online sales in the province. Private retail is expected to be permitted by April 2019 and will be regulated by the Alcohol and Gaming Commission of Ontario (the "**AGCO**"). Only twenty-five private stores will be licensed by the AGCO for an initial period, with more expected to follow. The Ontario Cannabis Store provides online sales of adult- use cannabis in the interim.

Québec

The distribution and sale of adult-use cannabis in Quebec is primarily governed by the *Cannabis Regulation Act* and the related regulations. The Société Québécoise du Cannabis is the exclusive distributor of cannabis in the province and is the sole retail and online vendor.

New Brunswick

The distribution and sale of adult-use cannabis in New Brunswick is primarily governed by the *Cannabis Control Act* and the related regulations. The distribution and sale of cannabis, both online and in-store, is exclusively conducted by the New Brunswick Cannabis Management Corporation.

Nova Scotia

The distribution and sale of adult-use cannabis in Nova Scotia is primarily governed by the *Cannabis Control Act* and the related regulations. Adult-use cannabis is distributed and sold at retail locations and online by the Nova Scotia Liquor Corporation.

Newfoundland and Labrador

The distribution and sale of adult-use cannabis in Newfoundland and Labrador is primarily governed by the *Cannabis Control Act* and the related regulations. Adult-use cannabis is sold through private stores, with

the Newfoundland and Labrador Liquor Corporation ("**NLC**") conducting online sales and regulating distribution. The NLC also has the option to open public stores in areas that do not attract private retailers.

Prince Edward Island

The distribution and sale of adult-use cannabis in Prince Edward Island is primarily governed by the *Cannabis Control Act* and the related regulations. Cannabis is sold at retail locations and online by the PEI Cannabis Management Corporation.

Yukon

The distribution and sale of adult-use cannabis in Yukon is primarily governed by the *Cannabis Control and Regulation Act* and the related regulations. The Yukon Liquor Corporation is responsible for distributing and selling cannabis in-store and online, with private retail contemplated in the future.

The Northwest Territories

The distribution and sale of adult-use cannabis in the Northwest Territories is primarily governed by the *Cannabis Products Act* and related regulations. The Northwest Territories Liquor Commission is responsible for the distribution and sale of cannabis through existing liquor stores and online sales, with private retail contemplated in the future.

Nunavut

The distribution and sale of adult-use cannabis in Nunavut is primarily governed by the territorial Cannabis Act. At this time, the Nunavut Liquor and Cannabis Commission has designated an agent to provide cannabis in the territory through online sales but has issued a request for proposals for other potential suppliers.

United States Laws and Disclosure Required by CSA Staff Notice 51-352 – *Issuers with U.S. Marijuana- Related Activities*

Background and the Controlled Substances Act

It is unquestionable that marijuana is illegal under United States federal law. The production, possession, use, and distribution of cannabis, or products derived therefrom, are prohibited pursuant to the CSA. Due to the federal prohibition of cannabis, any person or business that is operating in the cannabis industry in the United States of America faces risks of federal criminal prosecution and other penalties. Violations of federal law are subject to serious legal penalties. Criminal prosecution for violations of federal marijuana law can result in lengthy prison terms. Persons convicted of criminal violations could also be subject to fines, loss of rights such as voting or firearms possession, immigration issues, and a myriad of civil legal issues. Marijuana also remains illegal under the laws of several other jurisdictions both within and outside of the United States.

License and Regulations

United States Federal Regulation of Hemp

Development of Current Regulatory Framework

Summary

In addition to customary regulations applicable to any commercial business, the Company's operations are subject to state and federal regulation in respect of the cultivation of Hemp and the production, distribution and sale of products intended for human ingestion or topical application and, with respect to certain products, by animals.

Hemp is an agricultural commodity cultivated for use in the production of a wide range of products globally. Among others, hemp is used in the agriculture, textile, recycling, automotive, furniture, food and beverage, paper, construction materials and personal care industries.

Botanically, Hemp is categorized as Cannabis sativa L., a subspecies of the cannabis genus. Numerous unique, chemical compounds are extractable from Hemp, including THC and CBD. These cannabinoids are responsible for a range of potential psychological and physiological effects. Hemp, as defined in the 2018 Farm Bill, is distinguishable from marijuana, which also comes from the Cannabis sativa L. subspecies, by its absence of more than trace amounts (0.3% or less) of the psychoactive compound THC. Although international standards vary, other countries, such as Canada, have used the same THC potency standards to define Hemp.

Hemp was widely grown in the U.S. as an agricultural commodity from the colonial period into the early 1900s and was commonly used in the manufacture of paper, fabrics, and other products. By 1970, however, the CSA explicitly prohibited the cultivation of any variety of Cannabis without a DEA permit.

Per the plain language of the CSA, only certain parts of the Cannabis plant (generally, what was historically considered to be the psychoactive portions of the plant) are controlled and defined as marijuana, while other parts of the Cannabis plant (now inclusive of hemp) are exempted from CSA control. Consumer goods containing hemp seeds or “hemp hearts,” for example, have long been lawfully imported into the U.S. and legally sold in commerce due to the fact that the sterilized seeds are clearly exempt from the definition of marijuana under the CSA and are not otherwise controlled substances. Nonetheless, from the enactment of the CSA until the passage of the 2014 Farm Bill, cultivating hemp for any purpose in the U.S. without a DEA registration was federally illegal. The 2014 Farm Bill loosened the federal prohibition on the domestic production of hemp, by allowing hemp to be cultivated within the context of an agricultural pilot program and where permitted by state law. On December 20, 2018, the 2018 Farm Bill became law. Unlike the 2014 Farm Bill, which did not amend the CSA but only pre-empted from CSA control certain specified activities, the 2018 Farm Bill explicitly amended the CSA to exclude all parts of the cannabis plant (including its cannabinoids, derivatives, and extracts) containing a THC concentration of not more than 0.3% on a dry weight basis from the definition of marijuana, and also created a specific exemption from the CSA for THC found in Hemp. As a result, Hemp is no longer classified as a controlled substance, like marijuana. By defining Hemp to include its “extracts, cannabinoids and derivatives,” Congress explicitly removed popular Hemp products, such as Hemp-derived CBD, from the purview of the CSA. Accordingly, the DEA no longer has regulatory authority to interfere with the interstate commerce of Hemp products. The 2018 Farm Bill also allows farmers to access crop insurance and fully participate in USDA programs for certification and competitive grants. State and tribal governments may impose separate restrictions or requirements on Hemp production, but they cannot interfere with the interstate transport of lawfully produced Hemp or Hemp products.

The 2014 Farm Bill

In 2014, Congress enacted the 2014 Farm Bill.[6] The 2014 Farm Bill authorizes institutions of higher education and state departments of agriculture (and their contractual designees) to cultivate hemp, notwithstanding the CSA or any other federal law, provided that certain conditions are met. The scope of the 2014 Farm Bill is limited to cultivation that is: (a) for research purposes (inclusive of market research, which multiple federal agencies have confirmed includes commercial sales with a research purpose); (b) part of an “agricultural pilot program” or other agricultural or academic research; and (c) permitted by

[6] See http://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx

state law. At least forty U.S. states have adopted pilot programs pursuant to the 2014 Farm Bill.[7] The various state Hemp programs have different requirements regarding the registration of cultivators and processors, the involvement of institutions of higher education, and permissible commercialization.[8] The 2014 Farm Bill does not provide a federal regulatory framework or require states to adopt and implement hemp programs. As a result, a few states continue to prohibit the production of hemp, and participating states take differing approaches with respect to the activities permitted under their respective pilot programs. Activities determined to be compliant with the 2014 Farm Bill are protected from federal interference by an appropriations rider (the "**Appropriations Rider**"). The Appropriations Rider generally prohibits the federal government's use of funds in contravention of the 2014 Farm Bill and specifically prohibits such federal interference with regard to the "transportation, processing, sale, or use of . . . hemp, or seeds of such plant, that is grown or cultivated in accordance with the [2014 Farm Bill], within or outside the [s]tate in which the . . . hemp is grown or cultivated." The Appropriations Rider has been renewed on several occasions, including most recently on November 21, 2019 through H.R. 3055, a continuing budget resolution, which extended the applicability of the Appropriations Rider through December 20, 2019. Rather than distinguishing between "hemp" and "marijuana" based on the part of the plant from which a product is derived, the 2014 Farm Bill definition includes all parts of the cannabis plant and distinguishes hemp from marijuana on the basis of the concentration of THC. Any plants that exceed the 0.3% THC limitation are considered marijuana (a Schedule I controlled substance), and thus are not compliant with the 2014 Farm Bill. Activities determined to be outside the scope of the 2014 Farm Bill are not protected by the Appropriations Rider and may be subject to federal enforcement action.

Notwithstanding the passage of the 2018 Farm Bill and the publication of the IFR, the hemp cultivation and research provisions contained in the 2014 Farm Bill remain in effect for the immediate future and will be repealed on or about November 1, 2020 (one year after the USDA regulations governing hemp production in states without their own USDA-approved plans took effect). It is anticipated that many states will rely on their existing pilot program regimes in submitting a 2018 Farm Bill plan to assume primary regulatory authority over hemp production. Because the 2018 Farm Bill permits states and Native American tribes to regulate Hemp and Hemp-derived products more restrictively than the 2018 Farm Bill, variances in these jurisdictions' laws and regulations on Hemp are likely to persist. Compliance with state law remains imperative under both the 2014 and 2018 Farm Bills.

The 2018 Farm Bill

The 2018 Farm Bill became law on December 20, 2018. Prior to this law, all non-exempt Cannabis parts grown in the United States were scheduled as a controlled substance under the CSA, and as a result, the cultivation of hemp for any purpose in the United States without a Schedule I registration with the DEA was, unless exempted by the 2014 Farm Bill, illegal. The passage of the 2018 Farm Bill materially changed federal laws governing Hemp by removing Hemp from the CSA and establishing a federal regulatory framework for Hemp production. Specifically, the 2018 Farm Bill: (a) explicitly amended the CSA to exclude all parts of the cannabis plant (including its cannabinoids, derivatives, and extracts) containing a THC concentration of not more than 0.3% on a dry weight basis from the definition of marijuana; (b) allows the commercial production and sale of Hemp in interstate commerce; (c) establishes the USDA as the primary federal agency regulating the cultivation of Hemp in the United States, while allowing states to adopt their own plans to regulate the same; and (d) affords farmers the opportunity to obtain crop insurance and research grants. The 2018 Farm Bill also creates a specific exemption from the CSA for THC found in hemp. By defining Hemp to include its "cannabinoids, derivatives, and extracts," popular Hemp products, such as Hemp-derived CBD, are no longer subject to DEA control. Accordingly, the DEA no longer has regulatory authority to interfere with the interstate commerce of Hemp products, so long as the THC level of such products is at or below 0.3%.

[7] Health and Wellness Versus Non-Health and Wellness Packaged Food and Beverages, Retail Sales 2002-2017; see http://blog.euromonitor.com/2012/11/health-and-wellness-the-trillion-dollar-industry-in-2017-key-researchhighlights.html, page 13

[8] Id

Although the DEA no longer regulates Hemp, marijuana continues to be classified as a Schedule I controlled substance under the CSA. As a result, CBD and other cannabinoids, if derived from marijuana as defined by the CSA, also remain Schedule I controlled substances under U.S. federal law. Though chemically and genetically distinct, Hemp and marijuana appear similar to the naked eye. The active enforcement against illegal marijuana and marijuana-based products under current federal law may inadvertently result in enforcement actions taken against Hemp or Hemp-derived products.

The 2018 Farm Bill amends the Agricultural Marketing Act of 1946 to categorize Hemp as an agricultural commodity under the regulatory purview of the USDA in coordination with state departments of agriculture. Although the USDA will be the primary federal regulatory agency overseeing Hemp production in the United States, states, U.S. territories, and Indian tribes desiring to obtain (or retain) primary regulatory authority over Hemp activities within their borders are allowed to do so after submitting a plan for regulation to the USDA, and receiving approval from the USDA for the same. Pursuant to the 2018 Farm Bill, states, U.S. territories, and Tribal governments can adopt their own regulatory plans for hemp production, even if more restrictive than federal regulations, so long as the plans meet minimum federal standards and are approved by the USDA. Hemp production in states and tribal territories that do not choose to submit their own plans (and that do not prohibit hemp production) will be governed by USDA regulation.

On October 31, 2019, the USDA released the IFR, which governs the domestic production of hemp under the 2018 Farm Bill. The IFR also specifies the provisions that a state or tribal Hemp plan must contain to be in compliance with the 2018 Farm Bill. As a result of the IFR being effective, the USDA will now start reviewing Hemp production plans submitted by state and tribal governments. Once USDA formally receives a plan, the agency will have 60 days to review and approve or disapprove the plan. To date, the USDA has approved a few dozen state and tribal hemp production plans submitted after the IFR became effective. Approximately 15 states have chosen not to submit plans to the USDA for the 2020 growing season, instead relying on their pilot program authorizations from the 2014 Farm Bill. These states are working with the USDA to improve that agency's regulatory scheme as a final rule is developed. The status of the USDA's review of plans, including which states have adopted to continue under the 2014 Farm Bill, is available at https://www.ams.usda.gov/rules- regulations/hemp/state-and-tribal-plan-review.

As introduced above, state and tribal governments may impose separate restrictions or requirements on Hemp cultivation and the sale of Hemp products; however, states may not interfere with the interstate transportation or shipment of lawfully produced Hemp or Hemp products. This was confirmed in a May 2019 memorandum released by the USDA's Office of General Counsel. That memorandum reiterates that, due to enactment of the 2018 Farm Bill, states and Native American tribes may not prohibit the interstate transportation or shipment of hemp lawfully produced under the 2014 or 2018 Farm Bills. Notwithstanding the passage of the 2018 Farm Bill and the publication of the IFR, the hemp cultivation and research provisions contained in the 2014 Farm Bill remain in effect for the immediate future and will be repealed on or about November 1, 2020 (one year after the USDA regulations governing Hemp production in states without their own USDA-approved plans took effect). The IFR will be effective from October 31, 2019 through November 1, 2021, at which time the USDA will adopt permanent regulations.

It is important to note that the 2018 Farm Bill preserves the authority and jurisdiction of the FDA, under the FD&C Act, to regulate the manufacture, marketing, and sale of food, drugs, dietary supplements, and cosmetics, including products that contain Hemp extracts and derivatives, such as CBD. As a result, the FD&C Act will continue to apply to Hemp-derived food, drugs, dietary supplements, cosmetics, and devices introduced, or prepared for introduction, into interstate commerce. As a producer and marketer of Hemp-derived products, the Company must comply with the FDA regulations applicable to manufacturing and marketing of certain products, including food, dietary supplements, and cosmetics. See "*FDA Regulation*", below.

On March 5, 2020, FDA Commissioner Dr. Stephen M. Hahn issued a statement on the FDA's work related to CBD products. The statement makes clear that the FDA will continue its work to educate the public on CBD's perceived safety risks and that the FDA is taking steps to solicit additional public

feedback, data, and research on the science, safety, and quality of CBD products. These new steps include re-opening the public docket so that FDA can obtain additional scientific data on CBD, which will include a process by which confidential and proprietary information can be shared with the FDA and kept protected. Additionally, Commissioner Hahn's statement reiterates that the FDA will continue to monitor and police the CBD products marketplace and is evaluating the issuance of a risk-based enforcement policy that provides greater transparency and clarity regarding factors the FDA intends to consider in prioritizing enforcement decisions.

Much of Commissioner's Hahn statement was also included in the FDA's congressionally mandated report on CBD, which was also submitted on March 5, 2020. Importantly, the report confirms that the FDA is actively considering pathways to allow the marketing of CBD as a dietary supplement, which may include a notice and-comment rulemaking and an interim risk-based enforcement policy while FDA potentially engages in this process. The report signals the FDA's continued interest in certain questions about CBD, including effects from sustained use, effects from different methods of exposure, and effects on the developing brain and on the unborn child and breastfed newborn. The report acknowledges that the FDA is receiving inquiries about whether "full spectrum" and "broad spectrum" Hemp products can currently be marketed and sold, but the FDA has not yet answered the question conclusively. Largely, the report does little to address the current regulatory ambiguity for CBD and does not set a timeline for agency action, but it does signal the FDA's clear interest in a pathway for the use of CBD in dietary supplements. Further to this point, Commissioner Hahn has publicly stated that it would be a "fool's game" for the FDA to pull CBD products from the market entirely, as their use is already widespread.

H.R. 5587

On January 13, 2020, Rep. Collin Peterson (D-MN-7) introduced H.R. 5587, which would exempt Hemp-derived CBD from the FD&C Act's IND Preclusion, thereby permitting the sale of CBD as a dietary supplement and food additive in interstate commerce, subject to standard FDA regulation. The legislation has garnered 10 co-sponsors, and while it is not expected to pass as a stand-alone bill, it is hoped that its language will be attached to must-pass legislation that is expected to be considered by the full Congress in late spring 2020. Prospects for such passage would be improved by the introduction of companion legislation in the U.S. Senate. Continuing congressional focus on the nation's response to COVID-19 may delay any action.

State Regulation of Hemp (https://www.cdfa.ca.gov/plant/industrialhemp/)

According to the California Food and Agriculture Code section 81000 (a)(6):

"*Industrial hemp" or "Hemp" means an agricultural product, whether growing or not, that is limited to types of the plant Cannabis sativa L. and any part of that plant, including the seeds of the plant and all derivatives, extracts, the resin extracted from any part of the plant, cannabinoids, isomers, acids, salts, and salts of isomers, with a delta-9 tetrahydrocannabinol concentration of no more than 0.3 percent on a dry weight basis*. Cannabis is defined in California Business and Professions Code (BPC) Section 26001(f). The BPC section 26001(f) definition explicitly states that cannabis does not include industrial hemp.

Division 24 of the California Food and Agricultural Code provides for the cultivation of industrial hemp by registered growers, hemp breeders, and established agricultural research institutions.

The Agriculture Improvement Act of 2018 (2018 Farm Bill), effective January 1, 2019, removed hemp from Schedule I of the federal Controlled Substances Act. Thus, hemp is no longer federally regulated as a controlled substance. The Agriculture Improvement Act of 2018 (2018 Farm Bill) was signed into law by the President on December 20, 2018. The U.S. Domestic Hemp Production Program was established by the U.S.

Department of Agriculture (USDA) through an interim final rule on October 31, 2019. This rule provides the requirements for State and Tribal regulatory plans submitted to USDA for review and approval.

CDFA has not yet submitted a proposed state regulatory plan to the U.S. Department of Agriculture (USDA) for review and approval but is in the process of preparing a plan for submission.

According the U.S. Department of Agriculture (USDA) Hemp webpage, hemp growers are not subject to the cultivation requirements outlined in the federal interim final rule if a state has an approved regulatory plan or is in the process of developing a regulatory plan. California is in the process of developing a state plan, and thus, California hemp growers are not currently subject to the federal interim rule. However, growers in states that do not have a pending or approved regulatory plan may apply for a USDA hemp production license.

Regardless of any federal requirements, all hemp growers in California must comply with existing state laws and regulations as well as any local restrictions that may apply.

Senate Bill (SB) 153 was approved by the Governor on October 12, 2019 and took effect on January 1, 2020 unless otherwise specified in the provisions.

Assembly Bill 228 proposes legislative changes related to industrial hemp products.

FDA Regulation

The governing food and drug law in the United States is the FD&C Act. One purpose of the FD&C Act is to forbid the movement in interstate commerce of adulterated and misbranded food, drugs, devices and cosmetics.[32] The FDA is charged with protecting the integrity of the U.S. food supply and its cosmetic products, as well as monitoring the safety and efficacy of drugs, biological products, and almost any compound intended for human or animal consumption, among other areas.[33] To date, the FDA has approved one product containing CBD as a drug, and has taken the position that CBD cannot be marketed as a dietary supplement or added to food because a product containing CBD was approved as a drug and substantial clinical trials studying CBD as a new drug were made public prior to the marketing of any food or dietary supplements containing CBD, and therefore dietary supplements or food are precluded from containing this ingredient. This creates additional barriers to lawfully selling certain CBD and CBD-based products in the U.S.

Notably, the FDA does not impose the same restrictions on the use of CBD in cosmetic products. The agency states on its website that "[c]ertain cosmetic ingredients are prohibited or restricted by regulation, but currently that is not the case for any cannabis or cannabis-derived ingredients."[34] However the FDA further notes that such products must comply with all applicable legal requirements including the adulteration and misbranding provisions of the FD&C Act specific to cosmetic products.

The Dietary Supplement Health and Education Act (the "**DSHEA**"), an amendment to the federal FD&C Act, established a framework governing the composition, safety, labeling, manufacturing and marketing of dietary supplements in the United States. Generally, under DSHEA, dietary ingredients marketed in the United States prior to October 15, 1994 may be used in dietary supplements without notifying the FDA. "New" dietary ingredients (i.e. dietary ingredients "not marketed in the United States before October 15, 1994") must be the subject of a new dietary ingredient notification submitted to the FDA unless the ingredient has been "present in the food supply as an article used for food" and is not "chemically altered." Any new dietary ingredient notification must provide the FDA with evidence of a "history of use or

[32] Ky. Rev. Stat. §§ 260.850-.858

[33] U.S. Food and Drug Administration, Mission Statement:
http://www.fda.gov/downloads/aboutfda/reportsmanualsforms/reports/budgetreports/ ucm298331.pdf

[34] U.S. Food and Drug Administration, "FDA Regulation of Cannabis and Cannabis-Derived Products, Including Cannabidiol (CBD), Questions and Answers," https://www.fda.gov/news-events/public-health-focus/fda-regulation-cannabis-and-cannabis-derived- products-including-cannabidiol-cbd#qandas

other evidence of safety" establishing that use of the dietary ingredient "will reasonably be expected to be safe."

The FDA has taken the position that CBD cannot be marketed as a dietary supplement because it has been the subject of investigation as a new drug (such restrictions referred to as "**IND Preclusion**"). According to the FDA, the submission of the IND application for Epidiolex by Greenwich Biosciences, the U.S. subsidiary of London-based GW Pharmaceuticals, preceded the sales and marketing of CBD as a dietary supplement. Excluded from the DSHEA definition of a dietary supplement is: "an article authorized for investigation as a new drug, antibiotic, or biological for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public, which was not before such approval, certification, licensing, or authorization marketed as a dietary supplement or as a food unless the Secretary, in the Secretary's discretion, has issued a regulation, after notice and comment, finding that the article would be lawful under this Act." It is the FDA's interpretation of the IND Preclusion that the preclusion date is the date in which it authorized the drug for investigation; however, the Company believes there are significant arguments against this position in that all conditions of the statute must be met before the IND Preclusion applies, including (1) authorization for investigation as a new drug; (2) substantial clinical investigations must be instituted; (3) such substantial investigations must be made public; and (4) all of the above must occur prior to the marketing of the article as a food or dietary supplement. As discussed below, the FDA takes the position that CBD was not marketed in a food or dietary supplement prior to the conditions for the IND Preclusion rendering effective. The Company disagrees with this position and further believes that CBD was sold in interstate commerce prior to the publication of substantial clinical investigations. Thus, the Company takes the position that the IND Preclusion does not apply. As of the date of this AIF, the Company has not, and does not intend to file an investigational drug application with the FDA, concerning any of its products that contain CBD derived from Hemp.

The FD&C Act provides that a substance added to food is unsafe unless the substance is Generally Recognized as Safe ("**GRAS**"). The FDA has not recognized CBD as GRAS for human consumption, although certain hemp seed derivatives may be considered GRAS.[35] [36] Further research is needed to determine if other cannabinoids would be considered GRAS or what steps would be necessary for them to be recognized as GRAS. In the meantime, stakeholders including the Company are collecting data to pursue a GRAS determination for CBD, as the FDA has indicated it cannot conclude that CBD is GRAS due to the current lack of information to support this determination. As discussed below, on March 6, 2020 the Company achieved GRAS status for its hemp extract, adding to the current body of scientific literature on the safe use of CBD. Enforcement of this prohibition on the use of CBD in food has been generally limited to products making unlawful drug or disease claims, with the FDA also asserting its position that CBD is not a permissible food or dietary supplement ingredient. The Company's products containing CBD derived from Hemp are not marketed or sold using claims that the products are intended to diagnose, mitigate, treat, cure or prevent disease in violation of the FD&C Act.

On December 20, 2018, the FDA released a statement from former Commissioner Scott Gottlieb, which restated FDA's current position, opining that products containing CBD ingredients may not be sold as food or dietary supplements. The statement also contained, for the first time, a clear path toward FDA's permanent and formal acceptance of hemp-derived CBD as a food or dietary supplement ingredient. For the first time, the FDA has indicated that it is considering using its authority to issue a regulation that will specifically allow hemp-derived CBD in foods and supplements.

[35] 21 CFR § § 170.30(b), (c), 170.3(f).

[36] 21 CFR § 1308.35 (a)(2). The DEA's final rule on legal hemp materials and products specifically excludes materials used for human consumption

Statements from the FDA issued in July 2019 made clear that the FDA is "[p]aving the way for regulatory clarity [.]"[37]FDA "is committed to evaluating the regulatory frameworks for non-drug uses, including products marketed as foods and dietary supplements [.]"[38] Importantly, FDA "recognize[s] that there is substantial public interest in marketing and accessing CBD in food, including dietary supplements . . . [and that] [t]he statutory provisions that currently prohibit marketing CBD in these forms also allow the FDA to issue a regulation creating an exception, and some stakeholders have asked that the FDA consider issuing such a regulation to allow for the marketing of CBD in conventional foods or as a dietary supplement, or both."[39]

As it continues down this path, the FDA is "[l]istening to and learning from stakeholders [.]"[40]The FDA held a public hearing on May 31, 2019 to obtain scientific data and information about the safety, manufacturing, product quality, marketing, labeling, and sale of products containing Cannabis or Cannabis-derived compounds. Numerous hemp industry stakeholders and consumers shared their perspectives, including Jonathan Miller, regulatory counsel to the Company and General Counsel for the Hemp Roundtable ("**Roundtable**")—the industry's leading national business advocacy association and for which the company serves as a Board Directors. Since then, Miller met with the FDA's recently empaneled CBD Working Group, which is expediting its review of CBD as a food additive and dietary supplement ingredient. The Working Group was expected to release a report on its progress in Fall 2019, which delayed until early 2020. On July 16, 2019, the FDA issued a consumer update on its efforts to address "unanswered questions about the science, safety, and quality of products containing CBD" through the feedback from the May 31, 2019 hearing and information and data gathered through a public docket.[41]

Specifically, the FDA noted concerns regarding potential liver toxicity, questions about cumulative exposure to CBD over time, the effects of CBD on special populations (e.g., the elderly, children, adolescents, pregnant and lactating women), and the safety of CBD use in animals including pets.

On October 16, 2019, the FDA issued another consumer update cautioning against the use of CBD, THC, and marijuana during pregnancy or while breastfeeding due to the current lack of comprehensive research studying the effects of CBD on the developing fetus, pregnant mother, or breastfed baby.[42] On

November 25, 2019, FDA provided another consumer update stating there is limited available information about CBD, including about its effects on the body.[43] The FDA also sent another round of warning letters to companies marketing CBD products with disease claims. In addition, the agency reiterated its position that CBD cannot be added to food and dietary supplements and stated that it is "not aware of any basis to conclude that CBD is GRAS [Generally Recognized as Safe] among qualified experts for its use in human or animal food."[44]

Much of Commissioner Hahn's statement was also included in the FDA's congressionally mandated report on CBD, which was also submitted on March 5, 2020. Importantly, the report confirms that the FDA is actively considering pathways to allow the marketing of CBD as a dietary supplement, which may include a notice-and-comment rulemaking and an interim risk-based enforcement policy while the FDA

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[37] Amy Abernathy, M.D., Ph.D., et al., "FDA is Committed to Sound, Science-based Policy on CBD," fda.gov, https://www.fda.gov/news-events/fda-voices-perspectives-fda-leadership-and-experts/fda-committed-sound-science-based-policy-cbd.

[38] Id

[39] Id

[40] Id

[42] U.S. Food and Drug Administration, "What You Should Know About Using Cannabis, Including CBD, When Pregnant or Breastfeeding," https://www.fda.gov/consumers/consumer-updates/what-you-should-know-about-using-cannabis-including-cbd- when-pregnant-or-breastfeeding

[43] U.S. Food and Drug Administration, "FDA warns 15 companies for illegally selling various products containing cannabidiol as agency details safety concerns," https://www.fda.gov/news-events/press-announcements/fda-warns-15-companies-illegally-selling- various-products-containing-cannabidiol-agency-details

[44] Id

potentially engages in this process. The report signals the FDA's continued interest in certain questions about CBD, including effects from sustained use, effects from different methods of exposure, and effects on the developing brain and on the unborn child and breastfed newborn. The report acknowledges that the FDA is receiving inquiries about whether "full spectrum" and "broad spectrum" Hemp products can currently be marketed and sold, but the FDA has not yet answered the question conclusively. Largely, the report does little to address the current regulatory ambiguity for CBD and does not set a timeline for agency action, but it does signal the FDA's clear interest in a pathway for the use of CBD in dietary supplements. Further to this point, Commissioner Hahn has publicly stated that it would be a "fool's game" for the FDA to pull CBD products from the market entirely, as their use is already widespread.[45]

Despite the position taken by the FDA that there is no evidence of CBD being marketed as a food or dietary supplement prior to drug trials being commenced and made public, the Company believes there is substantial uncertainty and different interpretations among state and federal regulatory agencies, legislators, academics and businesses as to whether cannabinoids including CBD were present in the food supply and marketed prior to October 15, 1994 or whether such inclusion of cannabinoids is otherwise permitted by the FDA as dietary ingredients, notwithstanding that Cannabis and the cannabinoids contained therein have been therapeutically used and consumed as food by human beings for centuries even if not specifically marketed as CBD or other cannabinoids. As a result, the Company believes the federal legality regarding the distribution and sale of hemp-based products intended for human consumption must be considered on a case-by-case basis and that the uncertainties cannot be resolved without further federal legislation, regulation or a definitive judicial interpretation of existing legislation and rules. A determination that Hemp products containing CBD or other cannabinoids were not present in the food supply, marketed prior to October 15, 1994, are not otherwise permissible for use as a dietary ingredient, may have a materially adverse effect upon the Company and its business. Moreover, if the FDA were to enforce the IND Preclusion based on its interpretation of the legislation, this would have a materially adverse effect upon the Company and its business.

Hemp-derived products may be legally sold and marketed in the United States where they contain Hemp lawfully imported from another country or cultivated pursuant to a state agricultural program, provided the product complies with the FD&C Act and applicable state and federal law. Textiles, fibers, and certain food and cosmetic products containing Hemp seed and Hemp seed oils can be lawfully sold in compliance with federal law. Products containing CBD, however, may only be legal to the extent they are lawfully sourced, sold in a state where state law does not prohibit such sale and where they are compliant with the FD&C Act. Compliance with the FD&C Act may prove difficult for most CBD products, while other Hemp-based products such as Hemp or CBD topicals, Hemp seed, Hemp seed oils and certain non-consumable products may be able to achieve compliance with FD&C Act more easily.

Except as described above and elsewhere in this AIF, the Company is in compliance with applicable law and has not received any citations or notices of violation which may have an impact on the Company's Licenses, business activities or operations.

Future Uncertainty of Legal Status

There remain a number of considerations and uncertainties regarding the cultivation, sourcing, production and distribution of Hemp and products containing hemp derivatives. Applicable laws and regulations remain subject to change as there are different interpretations among federal, state and local regulatory agencies, legislators, academics and businesses with respect to the treatment of the importation of derivatives from exempted portions of the Cannabis plant and the scope of operation of 2018 Farm Bill-compliant hemp programs. These different federal, state and local agency interpretations, as discussed above, touch on the regulation of cannabinoids by the FDA and the extent to which imported derivatives, and/or 2018 Farm Bill-compliant cultivators and processors may engage in interstate commerce, whether

[45] See https://www.nutraingredients-usa.com/Article/2020/02/28/FDA-chief-Hahn-says-it-would-be-fool-s-game-to-try-to-shut-down- CBD-markets#.

under federal and/or state law. **The uncertainties likely cannot be resolved without further federal and state legislation, regulation or a definitive judicial interpretation of existing legislation and rules.**

Materially all of the Company's assets, liabilities and operations are exposed to U.S. Hemp-related activities.

Canada

The Company's products will be regulated pursuant to the Cannabis Act and Cannabis Regulations. Therefore, their importation and sale in Canada is governed by Health Canada, which has the authority to grant exemptions and issue import permits on a case by case basis. The Company requires each Canadian purchaser to obtain licenses and permits authorizing the importation of cannabis under the Cannabis Act and Cannabis Regulations and to provide an import permit from Health Canada for each order delivered to Canada, which permit indicates that Health Canada has permitted the legal importation thereof by the purchaser. The Company does not produce any products in Canada.

The Company does not conduct its business with the "intent to conceal or convert" such proceeds as contemplated under Section 462.31 of the *Criminal Code* (Canada). The business of the Company in Canada is the lawful production and sale of CBD pursuant to applicable regulatory regimes, which business if conducted in Canada, would not be an offence in Canada. The Company has considered the foregoing provisions and is satisfied that its activities will not violate the *Criminal Code* (Canada).

The Application

Once the Application is approved, the Company will be a Licensed Producer and will be entitled to undertake some or all of the following activities:

- possess, produce, provide, ship, deliver, transport and destroy dried cannabis or cannabis oil;
- possess, produce, and destroy cannabis in its natural form, other than marihuana or cannabis oil, for the purpose of producing cannabis oil;
- possess and destroy cannabis, other than marihuana or cannabis oil, for the purpose of conducting in vitro testing that is necessary to determine the cannabinoid content of marijuana or cannabis oil;
- sell dried marihuana, fresh marihuana and cannabis oil to:
    - a client of Maple Leaf or an individual who is responsible for the client;
    - a hospital employee, if the purpose is in connection with their employment;
    - another Licensed Producer;
    - a Licensed Dealer;
    - the Minister; or
    - a person to whom an exemption relating to the substance has been granted under section 56 of the CDSA;
- sell plants or seeds to a client who holds a registration certificate with Health Canada;

- apply for an import permit to import plants, dried marihuana, fresh marihuana, seeds or cannabis other than marihuana or cannabis oil, for the purpose of conducting *in vitro* testing that is necessary to determine the cannabinoid content of marihuana or cannabis oil;

- apply for an export permit to export plants, dried marihuana, seeds, fresh marihuana or cannabis other than marihuana or cannabis oil, for the purpose of conducting *in vitro* testing that is necessary to determine the cannabinoid content of marihuana or cannabis oil;

- purchase or sell cannabis in its natural form, other than marihuana or cannabis oil, for the purpose of producing cannabis oil, may be provided, shipped, delivered, or transported if it was obtained or produced for that purpose; and

- purchase or sell cannabis, other than marihuana or cannabis oil, for the purpose of conducting *in vitro* testing that is necessary to determine the cannabinoid content of marihuana or cannabis oil may be provided, shipped, delivered, or transported if it was obtained or produced for that purpose.

RISK FACTORS

The following specific factors could materially adversely affect the Company and should be considered when deciding whether to make an investment in the Company. The risks and uncertainties described in this AIF and the information incorporated by reference herein are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows, and consequently the price of the Common Shares could be materially and adversely affected. In all these cases, the trading price of our securities could decline, and prospective investors could lose all or part of their investment.

Investors should carefully consider the risk factors set out below and consider all other information contained herein and, in the Company's, other public filings before making an investment decision.

Reliance on Licensing

Maple Leaf's ability to produce, store and sell dried marihuana and cannabis oil in Canada is dependent on becoming a Licensed Producer. The Company's objective is to acquire the Standard Cultivation and Standard Processing licenses under the Cannabis Act and produce pesticide-free, top quality cannabis using Hydroponics in its Telkwa Facility. The Company will initially sell to wholesalers to package and sell the product to medical cannabis patients that have received a medical document from their physicians. Health Canada has not published any standards or timelines regarding the length of time for approval of applications under the Cannabis Act. Therefore, the timeline of the Application is uncertain and cannot be estimated. There is no assurance that the Application will be successful.

Any changes to the Company's Application (e.g., changes in Key Personnel, officers, directors, or physical security measures, etc.) may result in additional processing times. The quality, completeness, and complexity of license applications are key variables affecting application processing times. There are over 100 applications currently in the review stage.[1] As above, the timeline of the Application cannot be predicted. However, it may take several months for file review and communications with the OMC for additional information and clarifications to support the Application.

[1] https://www.canada.ca/en/health-canada/services/drugs-health-products/medical-use-marijuana/licensed-producers/application-process-becoming-licensed-producer.html

The Company's ability to grow, store, and sell medical cannabis in Canada is dependent on a license. The license under the Cannabis Act is subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the license or any failure to maintain the license would have a material adverse impact on the business, financial condition, and operating results of the Company. If the Application is successful, there is no guarantee that the license will be extended or renewed on the same or similar terms. Should Health Canada not issue, extend, or renew the license or should it renew the license on different terms, the business, financial condition, and results of the operation of Maple Leaf would be materially adversely affected.

The Company also faces regulatory risks related to licensing in Nevada. The Company's ability to operate in Nevada is tied to its license. If the Company were to lose its license for any reason, then it would effectively be shut down. Accordingly, the Company will need to adopt strict policies and procedures to ensure that it adheres to Nevada's regulations.

Construction of Facilities

There is no guarantee that Health Canada will approve the contemplated construction of the Telkwa Facility in a timely fashion, nor is there any guarantee that the construction will be completed in its currently proposed form, if at all. The failure of the Company to successfully execute its construction strategy (including receiving the expected Health Canada approvals in a timely fashion) could adversely affect the business, financial condition, and results of operations of the Company. Each stage of construction must be inspected by the governing authorities. The Department of Taxation will also send out its inspectors to approve the facility prior to it beginning operations.

Results of Future Research

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

Reliance on Key Inputs

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

Legislative or Regulatory Reform and Compliance

The commercial medical cannabis industry is a new industry and the Company anticipates that such regulations will be subject to change as the federal government monitors Licensed Producers. Maple Leaf's operations are subject to a variety of laws, regulations, guidelines, and policies relating to the manufacture, import, export, management, packaging, labelling, advertising, sale, transportation, storage, and disposal of medical cannabis, but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations, and the protection of the environment. While to the knowledge of management, Maple Leaf is currently in compliance with all such laws, any changes to such laws, regulations, guidelines, and policies due to matters beyond the control of Maple Leaf may cause adverse effects to its operations. (See also "Risk Factors - Risk related to the Regulatory Environment in United States" in this Annual Information Form).

Risks Related to the Regulatory Environment in United States

Changes to State Laws Pertaining to Hemp

The 2018 Farm Bill provides that states and Native American tribes may assume primary regulatory authority over the production of Hemp in their jurisdictions through a Hemp plan approved by the USDA. As of the date hereof, the USDA has approved a few dozen state and tribal Hemp production plans submitted after the IFR became effective. If a state does not elect to devise a Hemp regulatory program, the USDA will develop a program under which Hemp cultivators in such states can apply for licenses. Approximately 15 states – including Kentucky, Colorado, and Oregon – have chosen not to submit plans to the USDA for the 2020 growing season, instead relying on their pilot program authorizations from the 2014 Farm Bill. Continued development of the Hemp industry will be dependent upon new legislative authorization of Hemp at the state level, and further amendment or supplementation of legislation at the federal level. Any number of events or occurrences could slow or halt progress all together in this space. While progress within the Hemp industry is currently encouraging, growth is not assured. While there appears to be ample public support for favorable legislative action at the state and federal levels, numerous factors may impact or negatively affect the legislative process(es) within the various states the Company has business interests in. Any one of these factors could slow or halt use of Hemp or CBD, which would negatively impact the Company's business or growth, including possibly causing us to discontinue operations as a whole.

Changes to Federal Laws Pertaining to Hemp

Federal regulations under the 2018 Farm Bill were promulgated in the IFR on October 31, 2019. The IFR governs the domestic production of Hemp under the 2018 Farm Bill and also specifies the provisions that a state or tribal Hemp plan must contain to be in compliance with the 2018 Farm Bill. However, some states are continuing to operate under the 2014 Farm Bill through the 2020 growing season, and the IFR expires November 1, 2021, at which time the USDA will adopt permanent regulations. This means that the complete effects of the IFR (and potentially other federal regulations for Hemp) are yet unknown and will take time to unfold and be implemented. Should the IFR or other regulations result in stricter requirements on the Company than those of the 2014 or 2018 Farm Bills, such changes could have a material adverse effect on the Company's business, financial condition and results of operations.

Canada

Successful execution of the Company's business is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products, including obtaining the License pursuant to the Cannabis Act. The commercial medical cannabis industry is a new industry and the Company cannot predict the impact of the changes to the compliance regime. Similarly, the Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by

governmental authorities. The impact of Health Canada's compliance regime, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products, and sales initiatives and could have a material adverse effect on the business, financial condition, and operating results of the Company. Without limiting the foregoing, failure to comply with the requirements of the Licensed Producer's license or any failure to obtain the license would have a material adverse impact on the business, financial condition and operating results of the Company. There can be no guarantees that Health Canada will grant the license.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or in restrictions on the Company's operations. Failure to adhere to the Nevada regulations will result in fines and other penalties including revocation of the license to operate the Company's business. If the violations are serious enough members of the Company could even be subject to criminal prosecution. In Nevada, the Company currently holds a provisional license. If the Company is not able to achieve full licensure in the near future, the Company risks having its provisional license revoked. If the Company's provisional license is revoked, it will be unable to operate at all. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs, or give rise to material liabilities, which could have a material adverse effect on the business, financial condition, and operating results of the Company. (See also "Risk Factors - Risk Factors Related to the United States" in this Annual Information Form).

Legislative or Regulatory Reform and Compliance

The commercial cannabis industry is a new industry and the Company anticipates that such regulations will be subject to change as the federal government monitors Licensed Producers. Maple Leaf's operations are subject to a variety of laws, regulations, guidelines, and policies relating to the manufacture, import, export, management, packaging, labelling, advertising, sale, transportation, storage, and disposal of cannabis, but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations, and the protection of the environment. While to the knowledge of management, Maple Leaf is currently in compliance with all such laws, any changes to such laws, regulations, guidelines, and policies due to matters beyond the control of Maple Leaf may cause adverse effects to its operations.

Regulatory Risks

Successful execution of the Company's business is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products, including obtaining the License pursuant to the Act. The commercial cannabis industry is a new industry and the Company cannot predict the impact of the changes to the compliance regime. Similarly, the Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. The impact of Health Canada's compliance regime, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products, and sales initiatives and could have a material adverse effect on the business, financial condition, and operating results of the Company. Without limiting the foregoing, failure to comply with the requirements of the Licensed Producer's license or any failure to obtain the license would have a material adverse impact on the business, financial condition and operating results of the Company. There can be no guarantees that Health Canada will grant the license.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or in restrictions on the Company's operations. Failure to adhere to the Nevada regulations will result in fines and other penalties including revocation of the license to operate the Company's business. If the

violations are serious enough members of the Company could even be subject to criminal prosecution. In Nevada, the Company currently holds a provisional license. If the Company is not able to achieve full licensure in the near future, the Company risks having its provisional license revoked. If the Company's provisional license is revoked, it will be unable to operate at all. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs, or give rise to material liabilities, which could have a material adverse effect on the business, financial condition, and operating results of the Company.

Environmental Regulations and Risks

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage, and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines, and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Government approvals and permits are currently and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from its proposed production of cannabis or from proceeding with the development of its operations as currently proposed. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations, and permits governing the production of cannabis, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses, capital expenditures, or production costs, or reduction in levels of production or require abandonment or delays in development.

Market Risk for Securities

The market price for the Common Shares of the Company could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies, and competitors, as well as overall market movements, may have a significant impact on the market price of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Volatile Market Price of Common Shares

The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares. Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating

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

The demand, pricing and terms for the sale of medical cannabis largely depend upon the level of industry activity for Canada and the United States and, to a lesser extent, the development of the Canadian and American medical cannabis markets. Industry conditions are influenced by numerous factors over which the Company has no control, including the level of medical cannabis prices, expectations about future medical cannabis prices and production, the cost of producing and delivering medical cannabis, any rates of declining current production, political, regulatory, and economic conditions, alternative fuel requirements, and the ability of medical cannabis companies to raise equity capital or debt financing, which can all have a direct impact on the volatility and the market price of the Common Shares.

The level of activity in the Canadian and American medical cannabis industry is volatile. No assurance can be given that expected trends in medical cannabis production and sales activities will continue or that demand for medical cannabis will reflect the level of activity in the industry. Any prolonged substantial reduction in medical cannabis prices would likely affect medical cannabis production levels and therefore affect the demand for medical cannabis. A material decline in medical cannabis prices or Canadian and American industry activity could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows, and the market price of the Common Shares.

Risks Related to Dilutions

The Company may issue additional Common Shares in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company's stock option plan and upon the exercise of outstanding warrants. Further, the testing standards in Nevada are some of the strictest in the world. If the Company's crops fail testing, the crops may have to be destroyed resulting in a total loss.

Risks Inherent in an Agricultural Business

Maple Leaf's business involves the growing of cannabis and hemp, agricultural products. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases, and similar agricultural risks.

Reliance on a Single Location in Canada

Maple Leaf's activities and resources will primarily be focused on the Telkwa Facility. Maple Leaf expects to continue the focus on this facility for the foreseeable future. Adverse changes or developments affecting the existing facility and location could have a material and adverse effect on Maple Leaf's ability to continue producing medical cannabis, its business, financial condition, and prospects.

Third Party Transportation

In order for customers of Maple Leaf to receive their product, Maple Leaf must rely on third party transportation services. This can cause logistical problems and delays in patients obtaining their orders; this cannot be

directly controlled by Maple Leaf. Any delay by third party transportation services may adversely affect Maple Leaf's financial performance. Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on Maple Leaf's business, financials, and prospects. Any such breach could impact Maple Leaf's ability to continue operating under its licenses or the prospect of renewing its licenses. Rising costs associated with the courier service used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably. (See also "Risk Factors - Risk Factors Related to the United States" in this Annual Information Form).

Reliance on Key Personnel

The Company's success has depended, and continues to depend upon, its ability to attract and retain Key Personnel including technical experts and sales personnel. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow, or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Company, results of operations of the business, and could limit the Company's ability to develop and market its cannabis-related products. The loss of any of the Company's senior management or key employees could materially adversely affect the Company's ability to execute its business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all.

Conflict of Interest

Certain of the Company's directors and officers are also directors and officers in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors' and officers' conflict with or diverge from the Company interests. In accordance with the *Business Corporations Act* (Alberta), directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

Limited Operating History

The Company has limited operating history and is therefore subject to many of the risks common to early-stage enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

No Assurance of Profitability

The Company has incurred operating losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

Realization of Growth Targets

The Company's ability to produce cannabis will be affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs, construction performance falling below expected levels of output or efficiency, environmental pollution, contractor or operator errors, breakdowns, aging or failure of equipment or processes, labour disputes, as well as factors specifically related to indoor agricultural practices, such as reliance on provision of energy and utilities to the facility, and potential impacts of major incidents or catastrophic events on the facility, such as fires, explosions, earthquakes, or storms.

Management of Growth

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

Odour Remediation

Cannabis has a distinctive and strong smell, which can permeate within and outside a growing facility. As a result, odor remediation is a priority for businesses involved in the cultivation of cannabis. The Company intends to construct the Telkwa Facility and any of its other proposed facilities with effective odor remediation equipment, including, but not limited to, carbon filters, ozone generators, and ionizers. The Company's operations and perception depend, in part, on how well it is able to remediate odor from its cannabis cultivation facilities. The Company's operations also depend on the timely maintenance, upgrade, and replacement of odor remediation equipment, as well as pre-emptive expenses to mitigate the risks of odor remediation failures. Any of these and other events could result in equipment failures, delays, and/or increases in capital expenses. The failure of successful odor remediation or a component of odor remediation could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Liability Related to the Sale of Cannabis and Cannabis Oil

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

Dependence on Suppliers and Skilled Labor

The ability of the Company to compete and grow medical cannabis will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts, and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labor, equipment, parts, and components.

Fluctuating Prices of Raw Materials

The Company's revenues will be derived from the production, sale, and distribution of cannabis. The price of production, sale, and distribution of cannabis will fluctuate widely due to how young the cannabis industry is and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities, and increased production due to new production and distribution developments, and improved production and distribution methods. The effect of these factors on the price of product produced by the Company and, therefore, the economic viability of any of the Company's business, cannot accurately be predicted.

Reputational Damage to the Company

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regards to the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations, and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows, and growth prospects.

Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Company.

The government has only issued to date a limited number of licenses under the ACMPR, to produce and sell medical cannabis. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of the Company. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. According to Health Canada, there are approximately 104 Licensed Producers as of May 14, 2018. If the number of users of medical cannabis in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales, and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations of the Company.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or

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

Insurance Coverage

While the Company will obtain insurance coverage that will address all material risks to which it may be exposed and are adequate and customary in its future operations, such insurance may be subject to coverage limits and exclusions and may not be available for the risks and hazards to which Maple Leaf is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, there could be a material adverse effect on the Company's business, financial condition, and results of operation.

Uninsured or Uninsurable Risk

The Company may be subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's normal business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Negative Consumer Perception

The Company believes the medical cannabis industry is highly dependent upon consumer perception regarding the medical benefits, safety, efficacy, and quality of the cannabis distributed for medical purposes to such consumers. Consumer perception of Maple Leaf's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements both in Canada and in other countries, media attention, and other publicity (whether or not accurate or with merit) regarding the consumption of cannabis products for medical purposes, including unexpected safety or efficacy concerns arising with respect to the products of the Company or its competitors. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention, or other research findings or publicity will be favorable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention, or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations and financial condition of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention, or other publicity (whether or not accurate or with merit), could have an adverse effect on any demand for Maple Leaf's products which could have a material adverse effect on the Company's business, financial condition, and results of operations. Further, adverse publicity reports or other media attention regarding the safety, efficacy, and quality of cannabis for medical purposes in general, or the Company's

products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately, or as directed.

Securing Adequate Financing to Fund Operations and Meet Expected Consumer Demand

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of Maple Leaf may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. In addition, from time to time, Maple Leaf may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing.

Identify and Execute Future Acquisitions or Dispositions, or to Successfully Manage the Impact of Such Transactions on its Operations

Although there is no present intention to undertake any of the following transactions, material acquisitions, dispositions, and other strategic transactions involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) Maple Leaf may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Company's operations, and (vi) loss or reduction of control over certain of the Company's assets.

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

Regulatory or Agency Proceedings, Investigations, and Audits

The Company's business requires compliance with many laws and regulations, including the NCR and the FDA. Failure to comply with these laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. Maple Leaf may become involved in a number of government or agency proceedings, investigations, and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require Maple Leaf to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations, and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition, and results of operation.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the Common Shares and could use significant resources. Even if Maple Leaf is involved in litigation and wins, litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand.

Intellectual Property

"**Intellectual Property Rights**" means any statutory or non-statutory intellectual property rights in any jurisdiction, including any issued, pending, registered, filed or unfiled application for any patent (including any utility, design or plant patent, and including any continuation, continuation-in-part, divisional, re-issue, re-examination, national phase entry or regional phase entry application), copyright, trademark, industrial design, plant breeder's right, *Plant Varieties Protection Act* registration, or other statutory intellectual property right, and any trade secret, know-how, goodwill, or other intellectual property or other proprietary right, and any written or unwritten title, interest, license, right to bring or participate in any proceeding for past infringement or any other actionable right under or relating to any intellectual property right, or any other rights to any of the foregoing, relating to any standard operating procedures, production processes, packaging processes, labeling processes, ingredients, technology, inventions, plant varieties, clonally propagated plan material, stable cultivars, business management processes, compilations of information, contracts, records, specifications, business procedures, label designs, branding, compliance documentation, files, records, documents, drawings, specifications, equipment and data (data includes all information whether written or in an electronic format), and including any suppliers, manufacturers, equipment, methodologies, customer lists or other relevant information, relating to any of the foregoing, pertaining to the business of a party.

Intellectual Property Rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future Intellectual Property Rights could be difficult, expensive, time-consuming, and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of the Intellectual Property Rights may be complicated in the event that Maple Leaf is unable to effectively monitor and evaluate the products being distributed by its competitors, including parties selling illicit cannabis, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of the Company's Intellectual Property Rights, may be found invalid, unenforceable, anti-competitive, or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the Company's Intellectual Property Rights at risk of being invalidated or interpreted narrowly and could put pending applications for registration of Intellectual Property Rights at risk of not being issued. In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders, or require the payment of damages. Maple Leaf may need to obtain licenses from third parties who allege that the Company has infringed their Intellectual Property Rights. However, such licenses may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licenses, or other rights with respect to Intellectual Property Rights that it does not own. Any or all of these events could materially and adversely affect the business, financial condition, and results of operations of the Company. (See also "Risk Factors - Risk Factors Related to the United States" in this Annual Information Form).

Constraints on Marketing Products

The development of the Company's business and operating results may be hindered by restrictions on sales and marketing activities imposed by the OMC under the ACMPR, NCR, and the FDA. After the *Cannabis Act*

is passed, the *Cannabis Act* and regulations thereunder will apply to advertising, marketing and any other communications about the Products. The regulatory environment in Canada limits the Company's ability to compete for market share in a manner similar to other industries. If Maple Leaf is unable to effectively market its products and compete for market share, or if the costs of compliance cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

The regulatory environment in Canada limits the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

Nevada places heavy regulations on advertising and marketing marijuana products. Products may not be marketed in any manner which may be appealing to persons under the age of twenty-one. Each advertisement, logo, packaging, product name, or sponsorship must be approved by the Nevada Department of Taxation before the dissemination or publication of the same. Failure to adhere to the Nevada regulations regarding marketing is subject to penalties such as fines and revocation of the Company's license. The Company should rely on its legal counsel in Nevada to maintain compliance with Nevada's advertising regulations and have staff dedicated to tracking its advertising submissions and approvals.

Fraudulent or Illegal Activity by Employees, Contractors, and Consultants

The Company is exposed to the risk that its employees, independent contractors, and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete, and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against Maple Leaf, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on Maple Leaf's business, including the imposition of civil, criminal, and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits, and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition, and results of operations.

Information Technology Systems and Cyber Attacks

Maple Leaf plans to enter into agreements with third parties for hardware, software, telecommunications, and other IT services in connection with its operations. The Company's operations will depend, in part, on how well it and its suppliers protect networks, equipment, IT systems, and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage, destruction, fire, power loss, hacking, computer viruses, vandalism, and theft. The Company's operations will also depend on the timely maintenance, upgrades, and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays, and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

There can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls,

processes, and practices designed to protect systems, computers, software, data, and networks from attack, damage, or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Breaches of Security at Facilities, or in respect of Electronic Documents and Data Storage and Risks Related to Breaches of Applicable Privacy Laws

Given the nature of the Company's product and its lack of legal availability outside of channels approved by the Government of Canada, as well as the concentration of inventory in its facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of the Company's facilities could expose Maple Leaf to additional liability and to potentially costly litigation, increased expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing the Company's products.

In addition, Maple Leaf will collect and store personal information about its clients and will be responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, there are a number of federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the PIPEDA protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If Maple Leaf was found to be in violation of the privacy or security rules under the PIPEDA or other laws protecting the confidentiality of patient health information, it could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation, and have a material adverse effect on the business, results of operations, and financial condition of the Company.

In Nevada, the Company is not authorized to make retail sales to marijuana patients or retail customers; therefore it is not likely to encounter a situation where it would be in possession of sensitive medical or customer information. Nevertheless, the Company should adopt best practices to ensure the private or confidential information of its employees or customers is protected and to maintain compliance with Nevada state privacy laws such as NRS Chapter 603A and the federal *Health Insurance Portability and Accountability Act* of 1996 protections. Such measures should include operating secure electronic storage systems, facilities, and adopting strict protocols for its staff in order to ensure the security of private information.

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates, and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, and expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people, and water use. The effect of these factors cannot be accurately predicted. (See also "Risk Factors - Risk Factors Related to the United States" in this Annual Information Form).

Global Economy Risk

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

Risks Related to the Company's Business and Industry

Epidemics or Pandemics

Epidemics or pandemics, such as the recent global outbreak of a novel coronavirus COVID-19, have the potential to disrupt the Corporation's operations, projects and financial condition through the disruption of the local or global supply chain and transportation services, or the loss of manpower resulting from quarantines that affect the Corporation's labor pools in their local communities or operating sites or that are instituted by local health authorities as a precautionary measure, any of which may require the Corporation to temporarily reduce or shut-down its operations depending on the extent and severity of a potential outbreak and the areas or operations impacted. Depending on the severity, a large-scale global epidemic or pandemic could impact the international demand for commodities and have a corresponding impact on the prices realized by the Corporation, which could have a material adverse effect on the Corporation's financial condition.

In December 2019, COVID-19 was reported to have surfaced in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency and on March 11, 2020, the World Health Organization declared the outbreak a pandemic. In China, reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel within China, temporary business closures, quarantines and a general reduction in consumer activity. The outbreak has spread throughout Europe and the Middle East and there have been cases of COVID-19 in Canada and the United States, causing the governments of most western countries, including Canada and the United States, to take certain actions to reduce the spread of the virus. Such actions have included imposing restrictions such as quarantines, school closures, restrictions on public gatherings, business closures and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time. Further, there is no guarantee further measures may nevertheless require us to shut down some or all operations. The Corporation's ability to generate revenue would be materially impacted by any shut down of its operations.

Vulnerability to Rising Energy Costs

Maple Leaf's proposed operations will consume considerable energy, making Maple Leaf vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the proposed business of Maple Leaf and its ability to operate profitably.

Forecast Uncertainties

Maple Leaf will need to rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the proposed investments, business, results of operations, and financial condition of Maple Leaf.

No License

Investors should be aware that companies cannot legally conduct a medical cannabis business in Canada without a license from the OMC, and that there is likely significant time and cost required to obtain such a license. Entering this sector requires a commitment of significant resources, and there are a number of risks, cost, implications, and time required before a company can begin licensed operations. There is no assurance that Maple Leaf will be successful in obtaining a license, having access to requisite funds, or in creating shareholder value.

Risk Factors Related to the United States

While Cannabis is Legal in many American State Jurisdictions, it continues to be a Controlled Substance under the United States Federal Controlled Substances Act

The concepts of "medical cannabis" and "retail cannabis" do not exist under U.S. federal law. The CSA classifies "marijuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. As such, cannabis-related practices or activities, including without limitation, the manufacture, the production, possession, use and distribution of cannabis, or products derived therefrom, is prohibit pursuant to the CSA and remains illegal under U.S. federal law. Although the Company believes that its business activities are compliant with applicable U.S. state and local law, 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. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

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

Due to the federal prohibition of cannabis, any person or business that is operating in the cannabis industry in the United States faces risks of federal criminal prosecution and other penalties. Irrespective of the federal prohibition of cannabis, several states have authorized the production, use, and distribution of cannabis for medical or adult use purposes, including Nevada and California.

The United States Congress has passed appropriations bills each of the last three years that have not appropriated funds for prosecution of cannabis offenses of individuals who are in compliance with state medical cannabis laws. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business even those that have fully complied with state law could be prosecuted for violations of federal law. If Congress restores funding, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the CSA's five-year statute of limitations. Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions, or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited

to, disgorgement of profits, cessation of business activities, or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

The Approach to the Enforcement of Cannabis Laws may be Subject to Change or may not proceed as Previously Outlined

As a result of the conflicting views between state legislatures and the United States federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August of 2013 when then Deputy Attorney General, James Cole, authored 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 US states have enacted laws relating to cannabis for medical purposes.

The Cole Memorandum outlined certain 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 has never provided specific guidelines for what regulatory and enforcement systems it deems 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 of 2018, newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit, although he disagreed that it had been implemented effectively and has not committed to utilizing the Cole Memorandum framework going forward.

The board of directors of the Company has informed its decision to authorize and approve the investments in California and Nevada based on the guidelines outlined in the Cole Memorandum and believes that the risk of federal prosecution and enforcement is currently unlikely. However, unless and until the Cole Memorandum is memorialized in federal legislation, there can be no assurance that the federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law.

Such potential proceedings could involve significant restrictions being imposed upon the Company or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results, and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favor of the Company.

There is Uncertainty Surrounding the Current Federal Administration and the Administration's Influence and Policies in Opposition to the Cannabis Industry as a Whole

There is significant uncertainty surrounding the policies of the current U.S. federal administration about adult-use and medical cannabis. Although the U.S. Department of Justice has stated in the Cole Memorandum that it is not an efficient use of limited resources to direct federal law enforcement agencies to prosecute those abiding by state laws allowing the use and distribution of medical cannabis, there is no guarantee that the U.S. Department of Justice's position in this regard will not change. Should the U.S. Department of Justice

decide to repeal or amend the Cole Memorandum, there is no certainty as to how the U.S. Department of Justice, U.S. Federal Bureau of Investigation and other government agencies will handle cannabis matters in the future. There can be no assurances that the U.S. federal administration will not change the current enforcement policy and decide to strongly enforce the U.S. federal laws. The Company regularly monitors the activities of the current administration for evidence if the Company will contravene the Rohrabacher-Farr Amendment or the guidance provided in the Cole Memorandum.

Anti-money Laundering Laws and Regulations

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

In February 2014, the Financial Crimes Enforcement Network ("**FCEN**") of the U.S. Department of the Treasury issued a memorandum providing instructions to banks seeking to provide services to marijuana related businesses (the "**FCEN Memo**"). The FCEN Memo states that in some circumstances, it may not be appropriate to prosecute banks that provide services to marijuana-related businesses for violations of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on Cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FCEN Memo. Under U.S. federal law, banks or other financial institutions that provide a Cannabis-related business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

If any of the Company's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States or Canada were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

On December 3, 2019, the Federal Reserve Board, Federal Deposit Insurance Corporation, FCEN, and Office of the Comptroller of the Currency in consultation with the Conference of State Bank Supervisors, issued a statement to provide clarity regarding the legal status of commercial growth and production of hemp and relevant requirements for banks under the *Bank Secrecy Act*. The statement emphasized that banks were no longer required to file suspicious activity reports for customers solely because they are engaged in the growth or cultivation of hemp in accordance with applicable laws and regulations.

Banking

Since the production and possession of Cannabis is currently illegal under U.S. federal law and the Company relies on exemptions promulgated pursuant to the 2018 Farm Bill, it is possible that banks may refuse to open bank accounts for the deposit of funds from businesses involved with the Cannabis industry. The inability to open bank accounts with certain institutions could materially and adversely affect the business of the Company.

Denial of Deductibility of Certain Expenses

Section 280E of the Code prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the CSA). The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses.

Although the Company's position is that the Company is not subject to section 280E of the Code, the Company may incur significant tax liabilities if the IRS continues to determine that certain expenses of businesses working with the cannabis plant are not permitted tax deductions under section 280E of the Code.

United States Federal Regulation of Hemp

Development of Current Regulatory Framework

Consequently, the Company's products are not sold pursuant to the rules and regulations governing the cultivation, transportation and sale of medicinal or recreational marijuana. The Company cultivates, processes, transports and sells its products pursuant to the 2014 Farm Bill and currently applicable provisions of the 2018 Farm Bill and in accordance with applicable state and local laws. All Hemp produced and sold by the Company constitutes Hemp under the 2018 Farm Bill and under the laws of the states in which it produces and sells such Hemp. If sold internationally, products are sold in accordance with the laws of the importing and exporting jurisdiction.

The 2018 Farm Bill permanently removed Hemp and the THC in Hemp from the purview of the CSA. Hemp is now deemed an agricultural commodity, and is no longer classified as a controlled substance like marijuana. Furthermore, by defining Hemp to include its derivatives, extracts, and cannabinoids[4], Congress explicitly removed popular Hemp products, such as Hemp-derived CBD, from the purview of the CSA. Accordingly, the DEA no longer has regulatory authority to interfere with the interstate commerce of Hemp products, so long as the THC level is at or below 0.3% on a dry weight basis. The 2018 Farm Bill also provides that state and Native American tribal governments may impose separate restrictions or requirements on Hemp growth and the sale of Hemp products. However, they cannot interfere with the interstate transportation or shipment of lawfully produced Hemp or Hemp products. As a result of the 2018 Farm Bill, federal law now provides that CBD derived from Hemp is not a controlled substance under the CSA; however, CBD derived from Hemp could still be considered a controlled substance under applicable state law. States take varying approaches to regulating the production and sale of Hemp and Hemp-derived CBD. While some states explicitly authorize and regulate the production and sale of Hemp-derived CBD or otherwise provide legal protection for authorized individuals to engage in commercial Hemp activities, other states maintain outdated drug laws that do not distinguish between marijuana and Hemp and/or Hemp-derived CBD, resulting in Hemp being classified as a controlled substance under certain state laws. In these states, sale of CBD, notwithstanding origin, is either restricted to state medical or adult-use marijuana program licensees or remains otherwise unlawful under state criminal laws. Additionally, a number of states prohibit the sale of ingestible CBD products based on the FDA's position that, pursuant to the FD&C Act, it is unlawful to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products as, or in, dietary supplements, regardless of whether the substances are Hemp-derived.

[4] Agriculture Improvement Act of 2018 (section 10113) (defining hemp under the Agricultural Marketing Act of 1946, 7. U.S.C. 1621)

In addition to customary regulations applicable to any commercial business, the Company's operations are subject to state and federal regulation in respect of the cultivation of Hemp and the production, distribution and sale of products intended for human ingestion or topical application and, with respect to certain products, by animals.

The Company's Contracts may not be Legally Enforceable in the U.S.

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

DIVIDENDS AND DISTRIBUTIONS

As of the date of this Annual Information Form, Maple Leaf has no current intention to declare dividends on its Common Shares in the foreseeable future. Any decision to pay dividends on its Common Shares in the future will be at the discretion of Maple Leaf's board of directors and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law, and other factors that the board of directors may deem relevant.

DESCRIPTION OF CAPITAL STRUCTURE

The company is authorized to issue an unlimited number of Common Shares and Preferred Shares. As at December 31, 2019, there were 161,155,398 Common Shares issued and outstanding. No Preferred Shares are issued and outstanding. The holders of the Common Shares are entitled to one vote per share at all meetings of the shareholders of the Company. The holders of Common Shares are also entitled to dividends, if and when declared by the directors of the Company, and the distribution of the residual assets of the Company in the event of a liquidation, dissolution, or winding up of the Company.

Common Shares

Each Common Share carries the right to attend and vote at all general meetings of shareholders. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the board of directors at its discretion from funds legally available for the payment of dividends and upon the liquidation, dissolution, or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions, and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption, or conversion rights, nor do they contain any sinking or purchase fund provisions.

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees, and consultants enabling them to acquire Common Shares of the Company. The maximum number of Common Shares reserved for issuance of stock options that may be granted under the plan is 10% of the issued and outstanding Common Shares of the Company. The options granted can be exercised for a maximum of 5 years and vest as determined by the Board of Directors. The exercise price of each option may not be less than the market price of the Common Shares on the date of grant. As of December 31, 2019, there are 10,700,000 options outstanding to purchase Common Shares.

In addition, the Company has warrants outstanding to purchase up to an aggregate of 17,818,497 Common Shares.

The dilutive securities are summarized as follows:

Security Type	Common Shares Issuable #	Exercise Price (Average) $	Cash Proceeds if Exercised $
Warrants(1)	18,218,497	0.60	10,931,098
Options(2)	11,220,000	0.40	4,214,000

(1) On September 27, 2019 the shareholders adopted and approved a resolution to extend the expiry date to April 29, 2022 and lower the exercise price of an aggregate of 18,218,497 common share purchase warrants to $0.60.

(2) Details of Options Outstanding:
- (i) 4,400,000 options exercisable at a price of $0.10 until April 10, 2021
- (ii) 100,000 options exercisable at a price of $0.24 until Sep 27, 2021
- (iii) 1,450,000 options exercisable at a price of $0.60 until January 31, 2021
- (iv) 4,450,000 options exercisable at a price of $0.60 until January 31, 2023
- (v) 300,000 options exercisable at a price of $0.70 until April 17, 2023

MARKET FOR SECURITIES

Trading Price and Volume

Common Shares are listed and traded on the NEO under the trading symbol “MGW” and under the symbol “MGWFF” on the OTCQB. Prior to listing on the NEO on April 20, 2018, the Common Shares were listed and traded on the TSXV. The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Common Shares for the 12-month period ending March 29, 2018 as quoted on the TSXV:

Period	High Trading Price $	Low Trading Price $	Volume (#)
May 2019	0.15	0.14	1,817,035
June 2019	0.13	0.12	3,002,449
July 2019	0.10	0.09	3,298,665
August 2019	0.10	0.09	3.329,207
September 2019	0.09	0.09	1,566,688
October 2019	0.08	0.07	3,452,547
November 2019	0.05	0.04	3,467,570
December 2019	0.06	0.05	2,441,774
January 2020	0.08	0.07	5,629,616
February 2020	0.08	0.07	2,131,956
March 2020	0.07	0.05	3,329,101
April 2020	0.07	0.06	2,824,974
May 2020	0.07	0.06	511,829

Prior Sales

The following table summarizes details of the following securities that are not listed or quoted on a marketplace issued by Maple Leaf during the twelve-months period between December 31, 2018 and December 31, 2019:

Date of issuance	Security	Issuance/Exercise price per security	Number of securities

May 4, 2017, June 15, 2018, August 13, 2018 and October 30, 2018	Warrants	$0.60	18,218,497

- On September 27, 2019 the shareholders adopted and approved a resolution to extend the expiry date to April 29, 2022 and lower the exercise price of an aggregate of 17,818,497 common share purchase warrants to $0.60.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER

As at the date of this Annual Information Form, to the knowledge of the Corporation, no securities of any class of Maple Leaf are held in escrow or are subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table provides the names of Maple Leaf's current directors and executive officers, the positions held by each of them, and the date of their first appointment.

Raymond Lai Calgary, Alberta, Canada Age: 70 Director Since: April, 2007	Mr. Lai holds a Bachelor of Commerce degree received from the University of Calgary in 1975, and has been a registered member of the Certified Management Accountant Society for over 25 years. Mr. Lai has been a successful key executive for public companies in the manufacturing and mining industries for over 10 years, and has been instrumental in securing public and private corporate financing both domestically and internationally.
	Board Committees None
	Principal Occupation President & Chief Executive Officer of Maple Leaf
	Common Shares, Options, and Warrants (as at December 31, 2017) **Common Shares** 1,928,000 **Options** 5,150,000 **Warrants** 0
Terence Lam Calgary, Alberta, Canada Age: 57 Director Since: March, 2012	Mr. Lam is a member of the Public Business Accountant Association of Alberta. Prior to spending 9 years in public accounting practice, Mr. Lam owned and managed a wholesale business for 6 years and a retail business for 5 years. Mr. Lam has worked with employees, financial institutions, suppliers, and accountants to understand what is required for a sound business culture. Mr. Lam prides himself on having a practical approach to meeting objectives, a good work ethic, and is focused on building successful businesses with proven results.
	Board Committees Compensation Committee, Nominating and Corporate Governance Committee
	Principal Occupation Corporate Secretary of Maple Leaf
	Common Shares, Options and Warrants (as at December 31, 2017) **Common Shares** 1,991,000 **Options** 1,300,000 **Warrants** 0
	Mr. Wong has spent the last 30 years improving reforestation nursery production systems and greenhouse systems and growing quality reforestation seedlings in the

Joe Wong, Telkwa, British Columbia, Canada Age: 67 Director Since: July, 2010 Not Independent	field as bare-root and in containers outdoor. Mr. Wong began his reforestation nursery career with the British Columbia Ministry of Forests in 1978 with the Nursery Development Section where he was involved in research trials that were aimed at developing nursery sites, new growing systems, fertilization treatments, and growing regimes. From 1980 to 1984, he worked as the Quality Assurance Supervisor at the Ministry of Forest, Red Rock Nursery in Prince George, British Columbia where he managed the quality control and the practical research department. In 1985, Mr. Wong started reforestation nursery, Woodmere Nursery Ltd., during which he managed the design and construction of a greenhouse facility. Initial crop production at this nursery was 2.5 million containerized seedlings. Today this facility has an area of 6 acres under protected cultivation and grows 12 million seedlings annually. Mr. Wong is not only the manager, but also the principal horticulturist and researcher for the Corporation.
	Board Committees None
	Principal Occupation Retired.
	Common Shares, Options and Warrants (as at December 31, 2017) **Common Shares** 1,050,000 **Options** 500,000 **Warrants** 0
Najibullah "Naj" Alizada, Calgary, Alberta, Canada Age: 40 Director Since: June, 2016	Najibullah "Naj" Alizada has over 16 years of technology, sales, and marketing experience. As current President of Instalogic, Naj oversees the operations, development, and marketing of the organization, including overseeing more than 200 custom projects and over 500 ongoing service accounts. Naj readily identifies strategic markets and opportunities for Instalogic, leading to unique cutting-edge projects such as InstaTable Inc. (restaurant reservations application and technology), IQuRe Inc. (charitable donations application and technology), and SoftAlive Inc. (internal complete project management software technology.) His vision, expertise, and focus on growth have fostered his organization's expansion and success.
	Board Committees Audit Committee, Nominating and Corporate Governance Committee, and Compensation Committee
	Principal Occupation President of Instalogic
	Common Shares, Options and Warrants (as at December 31, 2017) **Common Shares** 47,500 **Options** 400,000 **Warrants** 0
Greg Moline Leduc, Alberta, Canada Age: 58 Director Since: December, 2013	Mr. Greg Moline is the President and Chief Executive Officer of High Brix Manufacturing Inc. based in Leduc, Alberta. For the past 32 years, Mr. Moline has very successfully managed and operated two uniquely diverse businesses. After earning his bachelor degree in the faculty of commerce, he started his own construction company in Edmonton which he ran for 25 years. Because of his background in farming, Mr. Moline became involved with a soil-testing laboratory, which eventually led him to people who studied and followed the methods of Dr. Carey Reams and William Albrecht, as well as their new world of soil and plant health discoveries. Mr. Moline has spent the past seven years on manufacturing, distributing, and educating farmers in various parts of the world on such new revolutionary scientific methods in agriculture.
	Board Committees Audit Committee, Nominating and Corporate Governance Committee, and Compensation Committee

	Principal Occupation		
	President of High Brix Manufacturing Inc.		
	Common Shares, Options and Warrants (as at December 31, 2017)		
	Common Shares	**Options**	**Warrants**
	517,509	600,000	190,909
Daniel Larkin Carson City, Nevada, USA Age: Director Since: January, 2017	Mr. Daniel Larkin serves as the cofounder and manager of BLM5 Investments, LLC and for Bumblee Partners, LLC. Mr. Larkin one of the cofounders of BioNeva, and is also involved in several other cannabis consulting companies. Mr. Larkin possesses extensive experience in the cannabis industry. Mr. Larkin will play an important role in the Company's operations in Nevada as he has assisted in the development of partnerships for vertically integrated medical cannabis licenses in multiple American states. Mr. Larkin is a graduate of the University of Nevada, Reno and earned a Bachelor of Science with an emphasis in corporate and international finance and investment with a Minor in Economics.		
	Board Committees		
	Audit Committee		
	Principal Occupation		
	Cofounder/Manager at BLM5 Investments, LLC and Bumblebee Partners, LLC		
	Common Shares, Options and Warrants (as at December 31, 2017)		
	Common Shares	**Options**	**Warrants**
	0	300,000	0

Cease Trade Orders, Bankruptcies, Penalties, or Sanctions

To the knowledge of Maple Leaf, no director or executive officer of Maple Leaf, or shareholder holding a sufficient number of securities of Maple Leaf to affect materially the control of the Company:

(a) is, as at the date hereof, or has been, within the ten (10) years before the date hereof, a director or executive officer of any corporation that, while that person was acting in such capacity:

(i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

(b) has, within the ten (10) years before the date hereof, become bankrupt, made a proposal under any legislation relating to the bankruptcy or insolvency, or become subject to or

instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

To the knowledge of Maple Leaf, no director or executive officer of Maple Leaf, or a shareholder holding sufficient number of securities of Maple Leaf to affect materially the control of Maple Leaf, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There does not exist any conflicts of interest or potential material conflicts of interest between the Company or a Subsidiary and any director of officer of the Company or of a Subsidiary.

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

AUDIT COMMITTEE INFORMATION

As of May 14, 2020, the Audit Committee of the Corporation consists of Daniel Larkin, Najibullah Alizada, and Greg Moline, all of whom are “independent” and “financially literate” within the meaning of National Instrument 52-110 — *Audit Committees*. Each director has an understanding of the accounting principles used to prepare Maple Leaf’s financial statements; experience in preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer’s financial statements; or experience actively supervising individuals engaged in such activities, and experience as to the general application of relevant accounting principles; and an understanding of the internal controls and procedures necessary for financial reporting. Greg Moline is the chair of the Audit Committee.

The Audit Committee has the primary function of fulfilling its responsibilities in relation to reviewing the integrity of Maple Leaf’s financial statements, financial disclosures, and internal controls over financial reporting; monitoring the system of internal control; monitoring Maple Leaf’s compliance with legal and regulatory requirements, selecting the external auditor for shareholder approval; reviewing the qualifications, independence and performance of the external auditor; and reviewing the qualifications, independence and performance of Maple Leaf’s internal auditors. The Audit Committee has specific responsibilities relating to Maple Leaf’s financial reports; the external auditor; the internal audit function; internal controls; regulatory reports and returns; legal or compliance matters that have a material impact on Maple Leaf; and Maple Leaf’s whistleblowing procedures. In fulfilling its responsibilities, the Audit Committee meets regularly with the internal and external auditor and key management members. Information concerning the relevant education and experience of the Audit Committee members can be found in “*Directors and Officers*” above. The full text of the Audit Committee Charter is disclosed in Schedule “A” – Audit Committee Charter.

Pre-Approval Policies and Procedures

The Committee will pre-approve all non-audit services to be provided to Maple Leaf or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but preapproval by such member or members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

External Auditor Service Fees

The following table sets forth, by category, the fees for all services rendered by the Company's external auditors, MNP LLP, for the financial year ended December 31, 2018 and GEIB & Company Professional Corporation, for the financial year ended December 31, 2019.

	December 2019	December 2018
Audit Fees(1)	$50,000	$64,200
Audit Related Fees(2)	Nil	Nil
Tax Fees(3)	Nil	Nil
All Other Fees	Nil	Nil

Notes:

(1) Includes fees necessary to perform the annual audit reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) Includes services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) Includes fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities

PROMOTERS

There does not exist any promoters of the Company as of the date of this Annual Information Form.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As of May 14, 2020, the Company is involved in in the following matters:

Maple Leaf Green World is currently preparing for arbitration with its contracted builder for its Henderson, Nevada facility, Thompson Global Partners ("TGP"). Maple Leaf has alleged that TGP failed to design a building fit for the intended purpose that would comply with Nevada marihuana regulation, as well as other claims against TGP. Arbitration will commence after a stay runs out in March. Maple Leaf hopes to recoup its $900,000 down payment towards the construction of the facility, as well as lost profits from TGP's failures. TGP is seeking $184,613.34, which it claims it is owed from completed work on the project over and above the $900,000 it has received."

A statement of claim was filed by Maple Leaf seeking damages from PSI and the primary officers in the sum of $1,225,000, plus other damages and costs. The defendant requested particulars and Maple Leaf

responded. The defendant then filed a Statement of Defence and Counterclaim; Maple Leaf has filed their Statement of Defence in the end of March 2019.

The Company settled its claim against Emerging Equities Inc on May 8, 2020 for $20,000. $10,000 to be paid in May 2020 and balance by December 31, 2020.

Following is a list of caveats and Builders Liens that were filed on the Telkwa Facility by various vendors listed hereinbelow. The Company plans to settle all these claims as soon as funding for Telkwa is arranged.

Plaintiff - Claimant	Total Claim(1).
BV Electric Ltd. v. Maple Leaf & Woodmere Nursery Ltd.(2)	**$ 996,592.96**
Construct shield Products Corp. v Maple Leaf & Woodmere Nursery Ltd.	**$ 447,394.75**
Flynn Canada Ltd. v. Maple Leaf, Construct shield Products Corp. v MLGW & Woodmere Nursery Ltd.	**$ 286,685.04**
Triad Mechanical Inc. v Maple Leaf & Woodmere Nursery Ltd.	**$1,076,742.80**
Midwest Engineering (AB) Ltd. v Maple Leaf & Woodmere Nursery Ltd.	**$ 345,216.73**
Woodmere Nursery Ltd. Third Party Notices to Maple Leaf –Legal Fees	**$ 105,000.00**(3)
Totals	**$ 3,276,632.28**

(1) For all Matters the Plaintiffs legal fees are claimed for Judgment against Maple Leaf – amounts are To Be Decided.
(2) Woodmere is Maple Leaf's lessor for Telkwa Project.
(3) Legal Fees Indemnification Only – Estimated for All Defences on Five Actions Above and 2 further Actions at $15,000 per Action.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Maple Leaf has leased 37 acres land from Woodmere Nursery Ltd. in Telkwa, British Columbia, with an option to purchase said land for $500,000 after October 1, 2018. Woodmere Nursery Ltd. is a greenhouse growing company of which Joseph Wong, a director of Maple Leaf, is the President and a minority shareholder. The Company has commenced construction on a 27,200 ft^2 facility for cannabis cultivation on Woodmere land.

TRANSFER AGENT AND REGISTRARS

The transfer agent and registrar of Maple Leaf is Odyssey Trust Company at its offices in Calgary, Alberta.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, there are no material contracts entered into by the Company for the period ending December 31, 2019 which are considered material.

INTERESTS OF EXPERTS

Name of Experts

The following are the persons or companies who were named as having prepared or certified a statement, report, or valuation in this Annual Information Form either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report, or valuation made by the person or company:

- MNP LLP, the Company's independent auditor for the financial year ended December 31, 2018, prepared an independent audit report dated May 1, 2019 in respect of the Company's audited consolidated financial statements for the years ended December 31, 2018 and 2017.

- Geib & Company Professional Corporation, the Company's independent auditor for the financial year ended December 31, 2019, has prepared an independent audit report dated _____, 2020 in respect of the Company's audited consolidated financial statements for the years ended December 31, 2019.

Interests of Experts

- MNP LLP is the independent auditor of the Company for the year ended December 31, 2018. MNP LLP confirmed to the Corporation that they were independent from the Corporation within the meaning of the code of ethics of the Institute of Chartered Professional Accountants of Alberta.

- Geib & Company Professional Corporation is the external auditor who has prepared the independent auditors' report to shareholders of the Corporation regarding the financial statements of the Company for the year ended December 31, 2019. Geib & Company Professional Corporation confirmed to the Corporation that they are independent from the Corporation within the meaning of the code of ethics of the Institute of Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under the Company's equity compensation plans, as applicable, is contained in the Company's Management Information Circular for its most recent Annual General Meeting.

Additional financial information is provided in the Company's Audited Consolidated Financial Statements for the year ended December 31, 2019 and 2018 and Management's Discussion and Analysis for the year ended December 31, 2019, which may be obtained upon request from the Company's head office, or may be viewed on the Company's website (www.mlgreenworldcom) or on the SEDAR website (www.sedar.com).

SCHEDULE "A"

MAPLE LEAF GREEN WORLD INC.

AUDIT COMMITTEE CHARTER

(Adopted by the Board of Directors on May 25, 2018)

PURPOSE

The overall purpose of the Audit Committee (the "**Committee**") is to ensure that the management of Maple Leaf Green World Inc. (the "**Corporation**") has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements of the Corporation and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts. In particular, the Committee must ensure compliance with National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

COMPOSITION, PROCEDURES AND ORGANIZATION

1. Unless exempt from the requirements of Part 3 of NI 52-110, the Committee shall consist of at least three members of the Board of Directors (the "**Board**"), all of whom shall be "independent", as that term is defined in NI 52-110 ("venture issuers" are exempt from the requirements of Part 3 of NI 52-110.)

2. Unless exempt from the requirements of Part 3 of NI 52-110, all members of the Committee shall be "financially literate", as that term is defined in NI 52-110 ("venture Issuers" are exempt from the requirements of Part 3 of NI 52-110.)

3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their number.

5. Unless exempt from the requirements of Part 3 of NI 52-110, the secretary of the Committee shall be selected by the Committee, and shall be "financially literate" unless otherwise determined by the Committee (venture issuers are exempt from the requirements of Part 3 of NI 52-110.)

6. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

7. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's internal and external auditors, and to such information respecting the Corporation, as it considers necessary or advisable in order to perform its duties and responsibilities.

8. The Committee shall be entitled to engage independent counsel and other advisors as it considers necessary to carry out its duties and to set and pay the compensation for any such advisors.

9. Meetings of the Committee shall be conducted as follows:

   (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;

   (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee;

   (c) the following management representatives shall be invited to attend all meetings, except executive sessions and private sessions with the external auditors:

      - Chief Executive Officer;

   (d) other management representatives shall be invited to attend as necessary.

10. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

DUTIES AND RESPONSIBILITIES

11. The overall duties and responsibilities of the Committee shall be as follows:

   (a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements;

   (b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;

   (c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and

12. to report regularly to the Board on the fulfilment of its duties and responsibilities.

13. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

   (a) to recommend to the Board a firm of external auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation and to verify the independence of such external auditors;

   (b) to review and recommend to the Board the scope and timing of the audit and other related services rendered by the external auditors and the compensation therefor;

   (c) review the audit plan of the external auditors prior to the commencement of the audit;

   (d) to directly oversee the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting;

(e) to review with the external auditors, upon completion of their audit:

(i) contents of their report;

(ii) scope and quality of the audit work performed;

(iii) adequacy of the Corporation's financial and auditing personnel;

(iv) co-operation received from the Corporation's personnel during the audit;

(v) internal resources used;

(vi) significant transactions outside of the normal business of the Corporation;

(vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and

(viii) the non-audit services provided by the external auditors;

(f) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles;

(g) to pre-approve all non-audit services to be provided to the Corporation by the external auditors unless otherwise provided for in NI 52-110;

(h) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management;

(i) to review the Corporation's financial statements, MD&A and press releases announcing annual and interim earnings before the Corporation publicly discloses the information;

(j) to ensure that procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection (i) above, and periodically assess the adequacy of the procedures;

(k) to implement procedures for:

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

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

(iii) to review and approve the Corporation's hiring policies regarding partners, employees or former partners and employees of the present and former external auditors of the Corporation.

14. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:

(a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those

relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;

(b) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and

(c) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

15. The Committee is also charged with the responsibility to review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto and to:

(a) review and approve the financial sections of:

(i) annual reports to shareholders;

(ii) annual information forms (if adopted);

(iii) prospectuses; and

(iv) other public reports requiring approval by the Board, and report to the Board with respect thereto;

(b) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;

(c) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;

(d) review and report on the integrity of the Corporation's consolidated financial statements;

(e) review the minutes of any audit committee meeting of subsidiary companies;

(f) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;

(g) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts; and develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.