No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

*This prospectus supplement (the "**Prospectus Supplement**"), together with the accompanying short form base shelf prospectus dated December 11, 2020 to which it relates (the "**Prospectus**"), as amended or supplemented, and each document incorporated by reference into this Prospectus Supplement and the Prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

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

***Information has been incorporated by reference in this Prospectus Supplement and the Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Indus Holdings, Inc., at 19 Quail Run Circle – Suite B, Salinas, California 93907, telephone (831) 998-8214, and are also available electronically at www.sedar.com.*

PROSPECTUS SUPPLEMENT
To the Short Form Base Shelf Prospectus dated December 11, 2020

New Issue December 16, 2020

INDUS HOLDINGS, INC.

$30,000,000
20,000,000 Units

Price: $1.50 per Unit

Indus Holdings, Inc. (the "**Corporation**" or "**Indus**") is hereby qualifying for distribution 20,000,000 units (the "**Units**") of the Corporation at a price of $1.50 per Unit (the "**Offering Price**") for aggregate gross proceeds of $30,000,000 (the "**Offering**"). Each Unit consists of one Subordinate Voting Share in the capital of the Corporation (each, a "**Unit Share**") and one-half of one share purchase warrant of the Corporation (each whole warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Subordinate Voting Share in the capital of the Corporation (each, a "**Warrant Share**") at an exercise price of $2.20 for a period of thirty-six (36) months following the Closing Date (as defined herein). The Units are being issued pursuant to an underwriting agreement dated December 16, 2020 (the "**Underwriting Agreement**"), among the Corporation and Canaccord Genuity Corp. and Beacon Securities Limited (together, the "**Co-Lead Underwriters**"), together with PI Financial Corp. (together with the Co-Lead Underwriters, the "**Underwriters**"), relating to the Units offered by this Prospectus Supplement and the accompanying Prospectus. See "Plan of Distribution".

The issued and outstanding Subordinate Voting Shares in the capital of the Corporation (the "**Subordinate Voting Shares**") are listed and posted for trading on the Canadian Securities Exchange (the "**CSE**") under the symbol "INDS" and on the OTCQX Best Market (the "**OTCQX**") under the symbol "INDXF". On December 15, 2020, the last trading day prior to the date of this Prospectus Supplement, the closing price per Subordinate Voting Share on the CSE was $2.04 and on the OTCQX was US$1.60. The Corporation has given notice to the CSE to list the Unit Shares, the Warrants and the Warrant Shares (including those issuable upon any exercise of the Over-Allotment Option (as defined herein) and the Compensation Options (as defined herein)) on the CSE. Listing will be subject to the Corporation fulfilling all of the listing requirements of the CSE. **There is currently no market through which the Warrants may be sold and the Corporation cannot provide any assurance that the Warrants will be listed on the CSE, or, if listed, that an active trading market for the Warrants will develop. Accordingly, purchasers may not be able to resell such Warrants purchased under this Prospectus Supplement. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.** See "Risk Factors".

	Price to the Public[(1)]	Underwriters' Fee[(2)]	Net Proceeds to the Corporation[(3)(4)]
Per Unit	$1.50	$0.09	$1.41
Total	$30,000,000	$1,800,000	$28,200,000

(1) The Offering Price was determined by arm's length negotiation between the Corporation and the Co-Lead Underwriters, on behalf of the Underwriters, with reference to the prevailing market price of the Subordinate Voting Shares.

(2) The Corporation has agreed to pay the Underwriters a cash fee (the "**Underwriters' Fee**") equal to 6% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option), subject to a reduced fee equal to 3% for Units sold to certain purchasers designated by the Corporation on a president's list (the "**President's List**"). The Underwriters' Fee assumes no sales to President's List purchasers. The Underwriters will also receive, as additional compensation, compensation options (the "**Compensation Options**") to purchase that number of Units that is equal to 6% of the Units sold pursuant to the Offering (including any Over-Allotment Units (as defined herein) or Over-Allotment Shares (as defined herein) sold pursuant to the exercise of the Over-Allotment Option), subject to a reduced number of Compensation Options equal to 3% of the Units sold to purchasers on the President's List. Each Compensation Option will be exercisable to purchase one Unit at a price of $1.50 for a period of 12 months from the Closing Date. This Prospectus Supplement also qualifies the distribution of the Compensation Options. See "Plan of Distribution".

(3) After deducting the Underwriters' Fee, but before deducting the expenses of the Offering (estimated to be approximately $500,000), which together with the Underwriters' Fee, will be paid from the gross proceeds of the Offering.

(4) The Underwriters have been granted an over-allotment option, exercisable, in whole or in part, at any time, and from time to time, on or before the 30th day following the Closing Date (the "**Over-Allotment Deadline**"), to purchase up to an additional 3,000,000 Units (the "**Over-Allotment Units**") at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes (the "**Over-Allotment Option**"). The Over-Allotment Option may be exercised by the Underwriters to acquire: (i) up to 3,000,000 Over-Allotment Units at the Offering Price; (ii) up to 3,000,000 additional Unit Shares (the "**Over-Allotment Shares**") at a price of $1.38 per Over-Allotment Share (the "**Over-Allotment Share Price**"); (iii) up to 1,500,000 additional Warrants (the "**Over-Allotment Warrants**") at a price of $0.24 per Over-Allotment Warrant (the "**Over-Allotment Warrant Price**"); or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares that may be issued under such Over-Allotment Option does not exceed 3,000,000 and the aggregate number of Over-Allotment Warrants that may be issued under such Over-Allotment Option does not exceed 1,500,000. The Over-Allotment Option is exercisable by the Underwriters giving notice to the Corporation prior to the Over-Allotment Deadline, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and/or Over-Allotment Warrants to be purchased. If the Over-Allotment Option is exercised in full for Over-Allotment Units, the total "Price to the Public", "Underwriters' Fee" (assuming no sales to President's List purchasers) and "Net Proceeds to the Corporation" will be $34,500,000, $2,070,000 and $32,430,000, respectively. This Prospectus Supplement qualifies the grant of the Over-Allotment Option and the distribution of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants forming part of the Underwriters' over-allocation position acquires those Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

Unless the context otherwise requires, when used herein, all references to the "Offering" include the exercise of the Over-Allotment Option, all references to "Units" include the Over-Allotment Units issuable upon exercise of the Over-Allotment Option, all references to "Unit Shares" include the Over-Allotment Shares issuable upon exercise of the Over-Allotment Option, all references to "Warrants" include the Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option, all references to "Warrant Shares" include the Subordinate Voting Shares issuable upon exercise of the Over-Allotment Warrants and all references to "Compensation Options" assume the exercise of the Over-Allotment Option.

The following table sets out the maximum number of securities under options issuable to the Underwriters in connection with the Offering, assuming the exercise of the Over-Allotment Option in full:

Underwriters' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	3,000,000 Over-Allotment Units	On or before the 30th day following the Closing Date	$1.50 per Over-Allotment Unit $1.38 per Over-Allotment Share $0.24 per Over-Allotment Warrant
Compensation Options	1,380,000 Units	12 months from the Closing Date	$1.50 per Unit
Total securities under option issuable to the Underwriters	4,380,000 Units		

In connection with the Offering, subject to applicable laws, the Underwriters may over-allot or effect transactions that are intended to stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail in the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer the Units at a lower price than stated above.** See "Plan of Distribution".

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the terms and conditions contained in the Underwriting Agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters on behalf of the Corporation by Cassels Brock & Blackwell LLP and on behalf of the Underwriters by Dentons Canada LLP.

Subscriptions for the Units will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about December 21, 2020, or such other date as may be agreed upon by the Corporation and the Underwriters (the "**Closing Date**"). It is anticipated that the Unit Shares and Warrants comprising the Units will be delivered under the book-based system through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and deposited in electronic form, or will otherwise be delivered registered as directed by the Underwriters, on the Closing Date. Except in limited circumstances, a purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Unit Shares and Warrants on behalf of owners who have purchased Units in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required.

Investing in securities of the Corporation is speculative and involves a high degree of risk and should only be made by persons who can afford the total loss of their investment. A prospective purchaser should therefore review this Prospectus Supplement and the accompanying Prospectus, as amended or supplemented, and the documents incorporated by reference herein and therein, as amended or supplemented, in their entirety and carefully consider the risk factors described or referenced under "Risk Factors" herein and in the accompanying Prospectus prior to investing in any Units offered hereby.

Prospective investors should be aware that the acquisition of the securities described herein may have tax consequences both in Canada and the United States. Such consequences, for investors who are resident in, or citizens of, the United States, may not be described fully in this Prospectus Supplement or the accompanying Prospectus, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Units. Investors should read the tax discussion in this Prospectus Supplement and consult their own tax advisors with respect to their own particular circumstances. See "Certain Canadian Federal Income Tax Considerations", "Certain United States Federal Income Tax Considerations" and "Risk Factors".

The Corporation has two classes of issued and outstanding shares: the Subordinate Voting Shares and the Super Voting Shares in the capital of the Corporation (the "**Super Voting Shares**"). The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws. Each Subordinate Voting Share

is entitled to one vote per Subordinate Voting Share and each Super Voting Share is currently entitled to 1,000 votes per Super Voting Share on all matters upon which the holders of shares of the Corporation are entitled to vote, and holders of Subordinate Voting Shares and Super Voting Shares will vote together on all matters subject to a vote of holders of both those classes of shares as if they were one class of shares, except to the extent that a separate vote of holders as a separate class is required by law or provided by the articles of the Corporation. Other than the return of the issue price for their Super Voting Shares, the holders of Super Voting Shares are not entitled to receive, directly or indirectly, as holders of Super Voting Shares, any other assets or property of the Corporation. Holders of Subordinate Voting Shares are entitled to receive, as and when declared by the board of directors of the Corporation (the "**Board**"), dividends in cash or property of the Corporation. In the event of the liquidation, dissolution or winding-up of the Corporation, the holders of Subordinate Voting Shares are, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares (including, without restriction, the Super Voting Shares as to the issue price paid in respect thereof), entitled to participate rateably along with all other holders of Subordinate Voting Shares. **The Corporation is required to redeem the Super Voting Shares in connection with a change of control transaction, as defined in the investment agreement described in the accompanying Prospectus, for their original issue price. The holders of Subordinate Voting Shares will not be entitled to participate in any such redemption under the terms of the Subordinate Voting Shares or under any coattail or similar agreement.** See "Description of Share Capital of the Corporation" in the accompanying Prospectus for further details.

The directors, chief executive officer and chief financial officer of the Corporation reside outside of Canada and each has appointed Cassels Brock & Blackwell LLP, Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8, as his or her agent for service of process in Canada. GreenGrowth CPAs, the auditor of the Corporation, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, even if the party has appointed an agent for service of process.

The Corporation's head office is located at 19 Quail Run Circle – Suite B, Salinas, California 93907 and registered office is located at Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

This Prospectus Supplement qualifies the distribution of securities of an entity that currently directly derives all of its revenues from the cannabis industry in the State of California, which industry is illegal under U.S. Federal Law. As of the date hereof, 100% of the Corporation's operations are in the United States. The Corporation is directly involved (through licensed subsidiaries) in both the adult-use and medical cannabis industry in the State of California, as permitted within such state under applicable state law, which has regulated such industries.

The cultivation, manufacturing, sale, distribution, possession and use of cannabis is illegal under United States federal law pursuant to the U.S. Controlled Substance Act of 1970 (the "CSA"), which places controlled substances, including cannabis, in a schedule. Other than industrial hemp, cannabis is considered marijuana, is classified as a Schedule I controlled substance, and is illegal under United Stated federal law. Under United States federal law, a Schedule I controlled substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. Under the CSA, the policies and regulations of the United States Federal Government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. The United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.

Despite the current state of the United States federal law, the States of California, Nevada, Massachusetts, Maine, Michigan, Washington, Oregon, Colorado, Vermont, Arizona, Illinois, New Jersey, South Dakota, Montana and Alaska, and the District of Columbia, have legalized cannabis for adult or "recreational" use of cannabis; although the commercial recreational operations are not permitted in the District of Columbia because of a prohibition on using funds for regulation within a federal appropriations amendment to local District spending powers. In addition, over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis, with some imposing limits on the levels of tetrahydrocannabinol. The November 2020 election saw all state cannabis ballot initiatives pass; resulting

in four new adult-use cannabis markets (Arizona, New Jersey, Montana, and South Dakota), and two states legalize cannabis for medical purposes (Mississippi and South Dakota).

However, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions.

Additionally, state laws that permit and regulate the production, distribution and use of cannabis for adult-use or medical purposes are in direct conflict with the CSA. Although certain states authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice ("DOJ") specific to cannabis enforcement in the United States, including the Cole Memorandum (as defined in the Prospectus). With the Cole Memorandum rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. Mr. Sessions resigned on November 7, 2018 and was succeeded by William Barr on February 14, 2019. The DOJ under Mr. Barr did not take a formal position on federal enforcement of laws relating to cannabis. Mr. Barr stated publicly that his preference would be to have a uniform federal rule against cannabis, but, absent such a uniform rule, his preference would be to permit the existing federal approach of leaving it up to the states to make their own decisions. Attorney General Barr's statements are not official declarations of the DOJ policy, are not binding on the DOJ, on any U.S. Attorney, or on the federal courts. Although Attorney General Barr did not provided a clear policy directive for the United States as it pertains to state-legal marijuana-related activities, and despite his previous statements, in June 2020 Congress investigated reports that Barr directed the DOJ to apply additional scrutiny to proposed cannabis mergers.

On December 14, 2020, Mr. Barr announced his resignation as Attorney General and there is no guarantee that the position of the DOJ will change. If the DOJ policy was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such DOJ policies through pursuing prosecutions, then the Corporation could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, and (ii) the arrest of its employees, directors, officers, managers and investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis. Additionally, as has been affirmed by U.S. Customs and Border Protection, employees, directors, officers, managers and investors of the Corporation who are not U.S. citizens face the risk of being barred from entry into the United States for life.

On February 15, 2019, President Donald Trump signed the 2019 Fiscal Year Appropriations Bill which included the Rohrabacher-Farr Amendment (as defined in the Prospectus), which prohibits the funding of federal prosecutions with respect to medical cannabis activities that are legal under state law, extending its application until September 30, 2019. Thereafter, as part of the Congressional omnibus-spending bill, Congress renewed, through September 30, 2020, the Rohrabacher-Farr Amendment. While the Rohrabacher-Farr Amendment was temporarily renewed through the signing of a stopgap spending bill, effective through December 11, 2020, there can be no assurances that the Rohrabacher-Farr Amendment will be included in future appropriations bills or budget resolutions. See the section entitled "United States Regulatory Environment" within the accompanying Prospectus for additional information. On December 11, 2020, the Rohrabacher-Farr Amendment expired and has not yet been renewed. The reinstatement of the Rohrabacher-Farr Amendment is currently included in the 2021 Appropriations Act which is subject to approval by Congress. However, there is no assurance that Congress will reinstate the Rohrabacher-Farr Amendment protections as part of the 2021 Appropriations Act or otherwise.

The Corporation's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States. Accordingly, there are a number of significant risks associated with the business of the Corporation. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current U.S. federal law, and the business of the Corporation may be deemed to be producing, cultivating, extracting, or dispensing cannabis or aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of federal law in the United States. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Corporation's business, results of operations, financial condition and prospects would be materially adversely affected.

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

For these reasons, the Corporation's investments in the United States cannabis market may subject the Corporation to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian authorities. There are a number of risks associated with the business of the Corporation. See the sections entitled "United States Regulatory Environment" and "Risk Factors", including "Cannabis Continues to be a Controlled Substance under the CSA", within the accompanying Prospectus and within the AIF (as defined herein) and the section entitled "Risk Factors" within this Prospectus Supplement.

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

Page

TABLE OF CONTENTS

SHORT FORM BASE SHELF PROSPECTUS

ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the Offering and also adds to and updates certain information contained in the accompanying Prospectus and the documents incorporated by reference into the Prospectus. The second part is the Prospectus, which provides more general information. If the information varies between this Prospectus Supplement and the Prospectus, the information in this Prospectus Supplement supersedes the information in the Prospectus.

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

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

This Prospectus Supplement shall not be used by anyone for any purpose other than in connection with the Offering.

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

MEANING OF CERTAIN REFERENCES AND CURRENCY PRESENTATION

References to dollars or "$" are to Canadian currency unless otherwise indicated. All references to "US$" refer to United States dollars. On December 15, 2020, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US$1.00 = $1.2722.

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

MARKET AND INDUSTRY DATA

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

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement and the accompanying Prospectus include "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws. All information, other than statements of historical facts, included in this Prospectus Supplement and the Prospectus that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, information regarding: statements relating to the business and future activities of, and developments related to, the Corporation after the date of this Prospectus Supplement or the Prospectus, as applicable; the legislative framework regarding the licensing of cannabis and related activities; proposed and anticipated changes to applicable laws and regulations regarding the cannabis market, associated fees and taxes and the business impact on the Corporation; the potential size of the adult and medical-use cannabis markets in the jurisdictions in which the Corporation currently operates in and may in the future operate; the availability and renewal of requisite licenses and permits on terms acceptable to the Corporation, including those related to any expansion contemplated by the Corporation of its operations; the implementation of the Corporation's remaining construction plans in respect of its cultivation facility, including the timing thereof; anticipated future cultivation, manufacturing and extraction capacity and output, including upon completion of such construction and upon execution of definitive documentation in respect of a new facility contemplated by the Letter of Intent (as defined herein), and the resulting anticipated operational and financial benefits to the Corporation; expectations as to the development and distribution of the Corporation's brands and products and the distribution of third-party products; expectations as to changes to future strategies regarding the Corporation's own branded products; estimated future sales and revenue, estimated future operating costs and expenses, estimated future capital expenditures, estimated future cash flows and other prospective financial performance and the resulting effects on the Corporation's financial position; prospective operational performance; business prospects and objectives and near and long term strategies, including growth strategies; competitive strengths; anticipated trends and challenges in the Corporation's business and the markets in which it operates; the ability of the Corporation to satisfy the requirements of its debt obligations, and to repay, renew or refinance such indebtedness upon such indebtedness becoming payable in the event such indebtedness is not converted into equity in accordance with its terms; anticipated cash needs; the Corporation's ability to raise funds in the capital markets and the resulting effects on the Corporation's financial position; expectations regarding the schedule for the release of outstanding shares or other securities of the Corporation or its subsidiaries, which are currently subject to lock-up arrangements, from such arrangements; expectations of the use by the Corporation of the net proceeds raised from the Offering, including as to achieving the related business objectives described herein; expectations of the timing and completion of the Offering and the listing of the Unit Shares, the Warrants and the Warrant Shares (including those issuable upon any exercise of the Over-Allotment Option and the Compensation Options) on the CSE; expectations for other economic, business, regulatory and/or competitive factors related to the Corporation or the cannabis industry generally, and other events or conditions that may occur in the future.

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

Forward-looking information and statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including among other things assumptions about: development costs remaining consistent with budgets; production and distribution costs remaining consistent with budgets; ability to manage anticipated and unanticipated costs; favorable equity and debt capital markets; the ability to raise sufficient capital to advance and sustain the business of the Corporation, including by way of satisfying terms under existing credit arrangements entered into by the Corporation; favorable operating and economic conditions; political and regulatory stability; obtaining and maintaining all required licenses and permits; receipt of governmental approvals and permits; sustained labor stability; stability in financial and capital goods markets; favourable production levels and costs from the Corporation's operations; the pricing of various cannabis products; the level of demand for cannabis products, including the Corporation's products; the ability of the

Corporation to mitigate the impact of any wildfires that may occur in areas nearby the Corporation's operations; the availability of employees, third party service providers and other inputs for the Corporation's operations; ability of the Corporation to be able to effectively use the net proceeds of the Offering as contemplated herein, including to locate suitable new cultivation and production premises, enter into favorable lease or property acquisition documentation in respect thereof, complete any necessary facility build-out and upgrade work and fixed asset purchase and installation, secure the supply of any necessary inputs necessary for the operation thereof and obtain any and all requisite licenses and permits in respect thereof in a cost effective and timely manner and in accordance with budgeted amounts and timelines determined by the Corporation from time to time, and the Corporation's ability to conduct operations in a safe, efficient and effective manner. While the Corporation considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking information and statements. Many assumptions are based on factors and events that are not within the control of the Corporation and there is no assurance they will prove to be correct.

Risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements include, among others, risks relating to cannabis continuing to be a controlled substance under the CSA; the enforcement of U.S. federal law and any other relevant law and an investor's contribution to and involvement in such activities may result in U.S. federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment; the Rohrabacher-Farr Amendment (as defined in the Prospectus) not being renewed; federal and state forfeiture laws; the illegality of cannabis under U.S. federal law restricts the Corporation's access to capital; anti-money laundering laws and regulation; restricted access to banking; heightened scrutiny by regulatory authorities; risks associated with travelling across borders; risk of regulatory or political change; the fact that the cannabis industry is a new industry and may not succeed; the Corporation's investors could be disqualified from ownership in the Corporation; public opinion and perception; general regulatory risks and risks related to licensure; California regulatory non-compliance; reclassification of cannabis in the United States; service providers; enforceability of contracts; lack of access to U.S. bankruptcy protections; environmental risk and regulation; COVID-19 risks; risks associated with the loss of foreign private issuer status; risks related to the Super Voting Shares; unpredictability caused by the Corporation's capital structure; the fact that the convertible debenture purchase agreement in respect of the Convertible Debenture Offering (as defined herein) carries significant provisions and creditor control; the Corporation may not be able to refinance, extend or repay its indebtedness; limited operating history; reliance on management; additional financing may be required to fund the Corporation's continuing operations; potential future negative cash flow from operations; competition; future acquisitions or dispositions may present risks; risks inherent in an agricultural business; vulnerability to rising energy costs; product liability; product recalls; results of future clinical research being unfavourable; reliance on key inputs; dependence on suppliers and skilled labour; management of growth; product diversion; internal controls being inadequate; forecasting risks; risks presented by premises being leased; reliance on a single jurisdiction; probable lack of diversification; the fact that reliable data on the medical and adult-use marijuana industry is not available; litigation; intellectual property risks; competition from synthetic production and technological advances; constraints on marketing products; fraudulent or illegal activity by employees, contractors and consultants; information technology systems and cyber-attacks; security breaches; federal tax risks; California state and local taxes; high bonding and insurance coverage costs; global financial conditions; the fact that the Corporation is a holding company; costs associated with being a public company; certain remedies and rights to indemnification may be limited; difficulty in enforcing judgments and effecting service of process on directors and officers; past performance not indicative of future results; financial projections may prove materially inaccurate or incorrect; market price volatility risks; sales by existing securityholders, including upon expiration of existing lock-up arrangements; limited market for securities and dilution and future sales of Indus securities; inability of the Corporation to satisfy the conditions to completion of the Offering, as well as those risk factors discussed elsewhere herein and in the Prospectus and in the documents incorporated by reference herein and therein, including but not limited to the AIF.

Readers are cautioned that the foregoing lists are not exhaustive of all factors and assumptions which may have been used. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors, currently not known to the Corporation or deemed to be immaterial by the Corporation, that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ

materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding the Corporation's expected financial and operating performance and the Corporation's plans and objectives and may not be appropriate for other purposes.

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

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus Supplement and the Prospectus from documents filed with the securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Corporation, at 19 Quail Run Circle – Suite B, Salinas, California 93907, telephone (831) 998-8214, and are also available electronically at www.sedar.com. The filings of the Corporation through the System for Electronic Document Analysis and Retrieval ("**SEDAR**") are not incorporated by reference in this Prospectus Supplement except as specifically set out herein.

This Prospectus Supplement is incorporated by reference into the Prospectus as of the date hereof and only for the purposes of the distribution of the Units offered hereby. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full details.

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

1. the annual information form of the Corporation dated November 9, 2020 (the "**AIF**");

2. the unaudited condensed interim consolidated financial statements of the Corporation as at and for the three and nine months ended September 30, 2020 and 2019, together with the notes thereto;

3. the management's discussion and analysis of the Corporation for the three and nine months ended September 30, 2020 and 2019 (the "**Interim MD&A**");

4. the audited consolidated financial statements of the Corporation as at and for the financial years ended December 31, 2019 and 2018, together with the notes thereto and the auditor's report thereon;

5. the management's discussion and analysis of the Corporation for the financial years ended December 31, 2019 and 2018;

6. the management information circular of the Corporation dated September 22, 2020, prepared in connection with an annual general meeting of shareholders held on October 22, 2020;

7. the material change report dated April 20, 2020 regarding the completion of the approximately US$16.1 million senior secured convertible debenture offering by Indus Holding Company (the "**Convertible Debenture Offering**") and related changes to the Board and management of the Corporation;

8. the material change report dated March 23, 2020 regarding the entering into by the Corporation of a US$2.3 million loan with certain lenders, including Geronimo Capital, LLC and Merida Capital Partners, a non-binding term sheet with Geronimo Capital, LLC and Merida Capital Partners in respect of an additional prospective financing, and an amendment and restatement of its existing US$1.5 million short term bridge loan facility;

9. the material change report dated January 20, 2020 regarding the entering into by the Corporation of a US$1.5 million short term bridge loan facility;

10. the term sheet dated December 15, 2020 relating to the Offering; and

11. the term sheet dated December 16, 2020 relating to the Offering.

Any document (other than confidential material change reports, if any) of the type referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* ("**NI 44-101**") filed by the Corporation with the securities commissions or similar regulatory authorities in Canada after the date of this Prospectus Supplement and prior to the completion or withdrawal of the Offering shall be deemed to be incorporated by reference in the Prospectus for the purposes of the Offering. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Corporation and readers should review all information contained in this Prospectus Supplement, the Prospectus and the documents incorporated or deemed to be incorporated by reference herein and therein.

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

MARKETING MATERIALS

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) that are used by the Underwriters in connection with the Offering are not part of this Prospectus Supplement to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus Supplement. Any template version of any marketing materials that has been, or will be, filed under the Corporation's profile on SEDAR at www.sedar.com before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus Supplement.

THE CORPORATION

Since the completion of the reverse take-over of the Corporation by the securityholders of Indus Holding Company in April 2019 (the "**Business Combination**"), the Corporation has adopted the business carried on by Indus Holding Company. Indus Holding Company was formed to own, operate and develop businesses related to the cultivation, manufacture, extraction, package, distribution and sale of cannabis and cannabis products under owned and licensed brands in California, where such activities are authorized under applicable law. Edible product manufacturing commenced in 2015 with initial sales occurring in July 2015. In December 2016, Indus Holding Company commenced distribution activities for third-party brands. Extraction activities commenced in 2017 with initial sales occurring in

May 2017. Cultivation activities commenced in 2017 with the initial harvest occurring in July 2017. In May 2019, the Corporation entered into an asset acquisition transaction, as a result of which the Corporation would have expanded its operations into Nevada and Oregon. In July 2020, with a view of streamlining its operations, the Corporation terminated this transaction, and presently remains focused on its operations in California.

As at October 31, 2020, the Corporation held a cash balance of approximately US$4.8 million and a working capital balance of approximately US$20.3 million, compared to approximately US$6.5 million and approximately US$20 million, respectively, as at September 30, 2020.

During the financial year ended December 31, 2019 and the nine months ended September 30, 2020, the Corporation had negative operating cash flows. As described in the Interim MD&A, cash generated from ongoing operations in 2019 and during the nine months ended September 30, 2020 were not sufficient to fund the operations of the Corporation and, in particular, to fund the Corporation's cultivation capital expenditures in the short term, and any growth initiatives in the long term. As a result, such cultivation capital expenditures were funded primarily by way of the Convertible Debenture Offering, which expenditures have placed the Corporation on a path of generating positive operating cash flows, as described below, and which positive operating cash flows were first realized during the three months ended September 30, 2020.

The Corporation realized positive operating cash flows of approximately US$4.5 million during the three months ended September 30, 2020. This was principally due to increased harvest volumes generated as a result of the renovations completed by the Corporation during 2020 to its cultivation facility in Monterey County, California using proceeds raised from the Convertible Debenture Offering and a strategic change in focus to selling the Corporation's own branded products, which provides higher margins as compared to the Corporation's agency and distributed sales of third-party products. As a result of such completed renovations, for 2020, the Corporation expects to harvest approximately 2 to 2.5 times the volume of cannabis harvested in 2019 and, as a result of such change in strategic focus, owned brand sales were 84% of total sales during the three months ended September 30, 2020 and 73% during the nine months ended September 30, 2020, compared to 42% and 38%, respectively, for the corresponding periods during 2019. For the quarter ended December 31, 2020, the Corporation is expecting lower harvest yields than the previous quarter due to plant stress experienced from sealing greenhouses to prevent poor air quality from entering due to wildfires in California that occurred in late summer, early fall 2020, at a time when outdoor temperatures were also elevated. In connection with this expectation, on December 3, 2020, the Corporation announced that based on preliminary financial information and subject to year-end closing adjustments, the Corporation expects net revenue for the fourth quarter of 2020 to be approximately US$9.5 million to US$11.5 million, a decline from the previously expected approximately US$14 million. Prior to this announcement, the Corporation anticipated some deterioration in yields, however the deterioration in yields has been more pronounced than anticipated. New plantings in the current quarter that will harvest in the first quarter of 2021 are expected to return to normal yields.

As a result of the completed renovations during 2020 and the remaining limited renovations, described below, that are contemplated, for 2021, the Corporation expects to harvest approximately double the volume of cannabis harvested in 2020. Associated operating expenses are not expected to materially increase. Capital expenditures of between approximately US$1.5 to US$2.0 million are expected by the Corporation over the next six months associated with completing the renovation of the cultivation drying and processing operations at its cultivation facility, none of which expenditures have been committed to at this time and can be varied without materially adversely impacting the business, results of operations or cash flows of the Corporation. Additionally, the Corporation expects up to an additional US$1 million in sustaining capital expenditures over the next 12 months associated with current cultivation operations. All of such renovation and sustaining capital expenditures are expected by the Corporation to be funded from existing cash on hand or cash generated from operating activities. Overall, as a result of the projected increased output from the Corporation's cultivation facility and limited capital expenditures associated with the existing cultivation operations, the Corporation anticipates that its existing operations will continue to generate positive operating cash flows over the next 12 months.

Notwithstanding this, there can be no assurance that the Corporation will operate as anticipated and continue to realize positive operating cash flows in the future. The wildfires that occurred in late summer, early fall 2020 negatively impacted the Corporation's business, financial position, results of operations and cash flows during the third quarter of 2020 and are expected to continue to have a negative impact for the fourth quarter of 2020 and potentially beyond as the Corporation completes its production from cannabis crops that were impacted by such wildfires. In the fourth

quarter of 2020, the Corporation installed automated environmental control systems within individual grow rooms at its cultivation facility in Monterey County. While the Corporation believes that the addition of such systems should mitigate future negative effects of wildfires that may occur nearby the Corporation's cultivation facility in the future, there is no guarantee that such negative effects would in fact be mitigated. See "Risk Factors" in the Prospectus.

The County of Monterey has issued a notice of correction relating to a portion of the Corporation's cultivation facility. The Corporation has addressed some of the identified conditions and is following an agreed upon plan of corrective action, including the submission of a permit application to rectify the remainder of the identified conditions, which is currently under review by the County. While this plan of action is being followed by the Corporation, it is in compliance with all applicable state and local laws and regulatory and permitting requirements and the Corporation has therefore concluded that there is no material risk to the Corporation's ability to continue to operate as a result of the notice of correction.

More detailed information regarding the business of the Corporation can be found in the Prospectus, and the AIF and other documents incorporated by reference herein and therein, as supplemented by the disclosure herein. See "Documents Incorporated by Reference".

Readers are strongly encouraged to carefully read all of the risk factors contained herein and in the Prospectus, and in the AIF and other documents incorporated or deemed to be incorporated by reference herein or therein. The Corporation's business, financial condition, results of operations, cash flows and prospects are subject to the risks and uncertainties described therein and to additional risks and uncertainties of which the Corporation is currently unaware or that are unknown or that the Corporation currently deems to be immaterial.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The Offering consists of 20,000,000 Units (not including any Unit issuable upon exercise of the Over-Allotment Option), with each Unit consisting of one Unit Share and one-half of one Warrant. Each whole Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of $2.20 (the "**Exercise Price**") for a period of thirty-six (36) months following the Closing Date. The Units will not be certificated and the Units will immediately separate into Unit Shares and Warrants upon issuance.

Subordinate Voting Shares

The authorized share capital of the Corporation consists of an unlimited number of Subordinate Voting Shares and Super Voting Shares. As at December 15, 2020, there were 19,979,172 Subordinate Voting Shares and 202,590 Super Voting Shares issued and outstanding. As of December 15, 2020, the Subordinate Voting Shares represent approximately 9.0% of the voting rights attached to outstanding securities of the Corporation and the Super Voting Shares represent approximately 91.0% of the voting rights attached to outstanding securities of the Corporation.

Assuming completion of the Offering, there will be an aggregate of 39,979,172 Subordinate Voting Shares (representing approximately 16.5% of the voting rights attached to the outstanding securities of the Corporation) and 202,590 Super Voting Shares (representing approximately 83.5% of the voting rights attached to the outstanding securities of the Corporation) issued and outstanding (42,979,172 Subordinate Voting Shares, representing approximately 17.5% of the voting rights attached to the outstanding securities of the Corporation, if the Over-Allotment Option is exercised in full).

The Unit Shares and Warrant Shares will have all of the rights, privileges, restrictions and conditions of the Subordinate Voting Shares. Holders of Subordinate Voting Shares are entitled to receive as and when declared by the Board, dividends in cash or property of the Corporation. Holders of Subordinate Voting Shares are also entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held. In the event of the liquidation, dissolution or winding-up of the Corporation, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate

Voting Shares (including, without restriction, the Super Voting Shares as to the issue price paid in respect thereof) be entitled to participate ratably along with all other holders of Subordinate Voting Shares.

The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws. See "Description of Share Capital of the Corporation" in the Prospectus for further details as to the capital structure of the Corporation, including as to the rights, privileges, restrictions and conditions of the Super Voting Shares.

Warrants

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

Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Warrant Share upon payment of the Exercise Price for a period of thirty-six (36) months following the Closing Date. The Exercise Price for the Warrants will be payable in Canadian dollars.

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

(a) the issuance of Subordinate Voting Shares or securities exercisable, exchangeable for or convertible into Subordinate Voting Shares to all or substantially all of the holders of Subordinate Voting Shares by way of a stock dividend or other distribution (other than a distribution of Subordinate Voting Shares upon the exercise of any outstanding Warrants);

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

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

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

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

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

(a) the reclassification of the Subordinate Voting Shares;

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

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

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

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

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

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

The Warrants and the Warrant Shares have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws, and the Warrants will not be exercisable by or on behalf of a person in the United States or a U.S. Person, nor will certificates representing the Warrant Shares be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available and the Corporation has received an opinion of counsel of recognized standing or other evidence to such effect in form and substance reasonably satisfactory to the Corporation; provided, however, that a holder who is an Accredited Investor (as defined herein) at the time of exercise of the Warrants and who purchased Units in transactions exempt from registration under the U.S. Securities Act and applicable state securities laws as either a Qualified Institutional Buyer (as defined herein) or an Accredited Investor will not be required to deliver an opinion of counsel or such other evidence in connection with the exercise of Warrants that are a part of those Units.

Compensation Options

The Corporation has agreed to issue Compensation Options, the distribution of which are qualified by this Prospectus Supplement. The Compensation Options will entitle the Underwriters to purchase that number of Units that is equal to 6% of the Units sold pursuant to the Offering (including any Over-Allotment Units or Over-Allotment Shares sold pursuant to the exercise of the Over-Allotment Option), subject to a reduced number of Compensation Options equal to 3% of the Units sold to purchasers on the President's List. Each Compensation Option will be exercisable to purchase one Unit at a price of $1.50 for a period of 12 months from the Closing Date. The Compensation Options may be exercised by the Underwriters to purchase Units on or before the expiration date by delivering (i) notice of exercise, appropriately completed and duly signed, and (ii) payment of the exercise price for the number of Units with respect to which the Compensation Options are being exercised. The exercise price of the Compensation Options and the number of Unit Shares issuable upon the exercise of each Compensation Option are subject to adjustment upon the occurrence of certain events, such as, among other things, a distribution on the Subordinate Voting Shares, or a

subdivision, consolidation or reclassification of the Subordinate Voting Shares. In addition, upon any fundamental transaction, such as a merger, arrangement, consolidation, sale of all or substantially all of the Corporation's assets, share exchange or business combination, the Compensation Options will thereafter evidence the right of the holder to receive the securities, property or cash deliverable in exchange for or on the conversion of or in respect of the Subordinate Voting Shares to which the holder of a Subordinate Voting Share would have been entitled immediately on such event. The Warrants issuable upon the exercise of each Compensation Option are subject to adjustment upon the occurrence of certain events in accordance with the terms of the Warrant Indenture. The Compensation Options will not be listed or quoted on any securities exchange. The holders of the Compensation Options do not have the rights or privileges of holders of Subordinate Voting Shares until they exercise their Compensation Options and receive the resulting Unit Shares. Certain attributes of the Unit Shares and the Warrants, comprising the Units, are described herein.

The Corporation has given notice to the CSE to list the Unit Shares, the Warrants and the Warrant Shares (including those issuable upon any exercise of the Over-Allotment Option and the Compensation Options).

CONSOLIDATED CAPITALIZATION

There have not been any material changes in the share and loan capital of the Corporation, on a consolidated basis, since September 30, 2020. As at December 15, 2020, there were 202,590 Super Voting Shares, 19,979,172 Subordinate Voting Shares and 14,638,228 Class B Common Shares and Class C Common Shares of Indus Holding Company (such classes of shares respectively being referred to as, the "**Indus Sub Class B Common Shares**" and the "**Indus Sub Class C Common Shares**" and collectively being referred to as, the "**Indus Sub Convertible Shares**") issued and outstanding. As at December 15, 2020, the outstanding convertible debentures issued pursuant to the Convertible Debenture Offering (the "**Convertible Debentures**") were convertible into 80,006,622 Indus Sub Convertible Shares (excluding any accrued interest thereon, which is also convertible into Indus Sub Convertible Shares at a price of US$0.20 per share) and the outstanding warrants issued pursuant to the Convertible Debenture Offering (the "**2020 Warrants**") were exercisable for 79,628,692 Subordinate Voting Shares at an exercise price of US$0.28 per share.

In addition, as at December 15, 2020, Indus Holding Company had 2,571,314 warrants to purchase the same number of Indus Sub Convertible Shares outstanding and the Corporation had 197,533 compensation options to acquire the same number of Subordinate Voting Shares, 5,313,500 options to acquire the same number of Subordinate Voting Shares and 737,366 restricted stock units convertible into the same number of Subordinate Voting Shares outstanding under its incentive compensation plan and 922,000 options to acquire the same number of Subordinate Voting Shares outstanding under a legacy 2016 stock incentive plan assumed by the Corporation in connection with the completion of the Business Combination.

As a result of the Offering, the shareholder's equity of the Corporation will increase by the amount of the net proceeds, less expenses, of the Offering and there will be additional Subordinate Voting Shares and Warrants issued and outstanding. Upon completion of the Offering, there will be an aggregate of 39,979,172 Subordinate Voting Shares issued and outstanding, or 42,979,172 Subordinate Voting Shares if the Over-Allotment Option is exercised in full, as well as 10,000,000 Warrants issued and outstanding, or 11,500,000 Warrants if the Over-Allotment Option is exercised in full.

USE OF PROCEEDS

The net proceeds of the Offering, after deducting the Underwriters' Fee of $1,800,000 (assuming no sales to President's List purchasers) and the expenses of the Offering (estimated to be $500,000), are estimated to be $27,700,000. If the Over-Allotment Option is exercised in full for Over-Allotment Units, the net proceeds of the Offering, after deducting the Underwriters' Fee of $2,070,000 (assuming no sales to President's List purchasers) and the expenses of the Offering (estimated to be $500,000), are estimated to be $31,930,000.

Principal Purposes

The Corporation's approximate use of the net proceeds from the Offering (assuming no exercise of the Over-Allotment Option) is as follows:

Use	Allocation of Net Proceeds
Development of a cultivation and production facility	$22,000,000
Working capital and other general corporate purposes	$5,700,000
Total	$27,700,000

If the Over-Allotment Option is exercised in full for Over-Allotment Units, the Corporation will receive additional net proceeds of $4,230,000, after deducting the Underwriters' Fee of $270,000 (assuming no sales to President's List purchasers). The net proceeds from the exercise of the Over-Allotment Option, if any, are expected to be added to the Corporation's general working capital.

Business Objectives and Milestones

The primary business objective the Corporation intends to pursue with the net proceeds of the Offering is the advancement or completion of commissioning of a new cultivation and production facility. As of the date hereof, while the Corporation is in the process of identifying potential facility locations, the Corporation has not entered into any definitive documentation for the lease or purchase of any new premises. Completion of this business objective would involve and is contingent upon, among other things, locating suitable new cultivation and production facility premises, entering into favorable lease or property acquisition documentation in respect thereof, completing any necessary facility build-out and upgrade work and fixed asset purchase and installation, securing the supply of any necessary inputs for the operation thereof and obtaining, acquiring or otherwise securing any and all requisite state and local licenses, permits and approvals for the upgrade and operation thereof, in each case in a cost effective and timely manner and in accordance with budgeted amounts and timelines determined by the Corporation from time to time.

As of the date hereof, there is no certainty that the net proceeds of the Offering will be sufficient to complete the stated business objectives nor whether any of the foregoing material and other contingencies for the completion of such stated business objectives will be met or satisfied. As of the date hereof, the Corporation is not able to assess the time period in which any of the stated business objectives may be able to be achieved. The Corporation is also not able to assess whether the ongoing COVID-19 global pandemic will present any adverse effects, consequences or delays in respect of foregoing contingencies or otherwise cause any of the stated business objectives to be more costly or take longer to complete.

As described in the Prospectus, on November 18, 2020, the Corporation announced that it had entered into a non-binding letter of intent (the "**Letter of Intent**") to lease a 300,000 square foot facility, located nearby the Corporation's existing cultivation facility in Monterey County, California, with the intention of utilizing the new facility to host additional cultivation operations. The lease arrangement for this facility remains subject to further due diligence by the Corporation as well as the negotiation and execution of definitive documentation in respect thereof. There is no certainty that the Corporation will determine to proceed with negotiating definitive terms to enter into a lease in respect of this facility nor that the Corporation and the landlord will reach final agreement on the terms of the lease contemplated in the Letter of Intent. See "The Corporation – Recent Developments" in the Prospectus for further details in respect of the Letter of Intent.

The Corporation had negative operating cash flows for the year ended December 31, 2019 and for the nine months ended September 30, 2020. While the Corporation realized positive operating cash flows for the three months ended September 30, 2020, the Corporation may incur negative operating cash flows in the future. Operating cash flows may decline in certain circumstances, many of which are beyond the Corporation's control. As a result, the Corporation may need to allocate a portion of its existing working capital or a portion of the net proceeds of the Offering or any future securities issuance to fund any such negative operating cash flow in future periods.

While the Corporation currently anticipates that it will use the net proceeds of the Offering as set forth above, the Corporation may re-allocate the net proceeds of the Offering from time to time, giving consideration to its strategy

relative to the market, development and changes in the industry and regulatory landscape, as well as other conditions relevant at the applicable time. In the ordinary course, the Corporation is involved in discussions with various parties regarding strategic and growth initiatives and needs to be able to execute and rapidly deploy capital when these opportunities present themselves. Until utilized, some or all of the net proceeds of the Offering may be held in cash balances in the Corporation's bank account or invested at the discretion of the Board, including in short-term, high quality, interest bearing corporate, government-issued or government-guaranteed securities. Overall, management of the Corporation will have broad discretion concerning the use of the net proceeds of the Offering, as well as the timing of their expenditure, and pending their use, the Corporation may invest the net proceeds of the Offering in a manner that does not produce income or that loses value. See "Risk Factors".

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Corporation has agreed to issue and sell and the Underwriter have severally (and not jointly nor jointly and severally) agreed to purchase, as principals, on the Closing Date, 20,000,000 Units at the Offering Price, for aggregate gross consideration of $30,000,000, payable in cash to the Corporation against delivery of the Units, subject to the terms and conditions of the Underwriting Agreement. The Offering Price was determined by arm's length negotiation between the Corporation and the Co-Lead Underwriters, on behalf of the Underwriters, with reference to the prevailing market price of the Subordinate Voting Shares. The obligations of the Underwriters under the Underwriting Agreement are several (and not joint nor joint and several), are subject to certain closing conditions and may be terminated at their discretion on the basis of "disaster out", "material adverse change out", "regulatory out" and "breach out" provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any Units are purchased under the Underwriting Agreement.

Each Unit will consist of one Unit Share and one-half of one Warrant. Each whole Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of $2.20 for a period of thirty-six (36) months following the Closing Date. The Warrants will be created and issued pursuant to the terms of the Warrant Indenture. The Warrant Indenture will contain provisions designed to protect holders of the Warrants against dilution upon the occurrence of certain events. No fractional Warrants will be issued. See "Description of Securities Being Distributed".

The Underwriters have been granted the Over-Allotment Option, which is exercisable, in whole or in part, at any time, and from time to time, on or before the Over-Allotment Deadline, to purchase up to an additional 3,000,000 Over-Allotment Units at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters to acquire: (i) up to 3,000,000 Over-Allotment Units at the Offering Price; (ii) up to 3,000,000 Over-Allotment Shares at the Over-Allotment Share Price; (iii) up to 1,500,000 Over-Allotment Warrants at the Over-Allotment Warrant Price; or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares that may be issued under such Over-Allotment Option does not exceed 3,000,000 and the aggregate number of Over-Allotment Warrants that may be issued under such Over-Allotment Option does not exceed 1,500,000. The Over-Allotment Option is exercisable by the Underwriters giving notice to the Corporation prior to the Over-Allotment Deadline, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and/or Over-Allotment Warrants to be purchased. This Prospectus Supplement qualifies the grant of the Over-Allotment Option and the distribution of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants forming part of the Underwriters' over-allocation position acquires those Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for the services provided by the Underwriters in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Corporation has agreed to pay the Underwriters the Underwriters' Fee equal to 6% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option), subject to a reduced fee equal to 3% for Units sold to purchasers on the President's List. The Underwriters will also receive, as additional compensation, Compensation Options to purchase that number of Units that is equal to

6% of the Units sold pursuant to the Offering (including any Over-Allotment Units or Over-Allotment Shares sold pursuant to the exercise of the Over-Allotment Option), subject to a reduced number of Compensation Options equal to 3% of the Units sold to purchasers on the President's List. Each Compensation Option will be exercisable to purchase one Unit at a price of $1.50 for a period of 12 months from the Closing Date. This Prospectus Supplement also qualifies the distribution of the Compensation Options.

Pursuant to the terms of the Underwriting Agreement, the Corporation has agreed to reimburse the Underwriters for certain expenses incurred in connection with the Offering and to indemnify the Underwriters and their directors, officers, and employees against certain liabilities and expenses and to contribute to payments the Underwriters may be required to make in respect thereof.

The Offering is being made in each of the provinces of Canada, other than Québec. The Units will be offered in each of the relevant provinces of Canada through the Underwriters or their affiliates who are registered to offer the Units for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Units in the United States and such other jurisdictions outside of Canada and the United States as agreed between the Corporation and the Underwriters.

The Corporation has given notice to the CSE to list the Unit Shares, the Warrants and the Warrant Shares (including those issuable upon any exercise of the Over-Allotment Option and the Compensation Options). Listing will be subject to the Corporation fulfilling all of the listing requirements of the CSE. **There is currently no market through which the Warrants may be sold.** See "Risk Factors".

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

Pursuant to the Underwriting Agreement, the Corporation has agreed, for a period of 90 days following the Closing Date, not to, directly or indirectly, offer, issue, sell, grant, or dispose of, or announce any intention to do so, in any manner whatsoever, any Subordinate Voting Shares or any other securities convertible into, exchangeable for, or otherwise exercisable to acquire Subordinate Voting Shares or other equity securities of the Corporation, without the prior written consent of the Co-Lead Underwriters (such consent not to be unreasonably withheld or delayed), other than in connection with (i) the grant or exercise of any incentive securities pursuant to existing incentive plans; (ii) obligations of the Corporation or its subsidiaries in respect of existing agreements, securities and instruments outstanding as of the date of the Underwriting Agreement; and (iii) securities issued pursuant to bona fide arm's-length acquisitions of businesses (or securities or assets thereof) or other strategic or commercial transactions, other than a transaction in which the Corporation is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

Pursuant to the Underwriting Agreement, it is a condition of closing the Offering that the Corporation obtain from each of the senior officers and directors of the Corporation an undertaking in favour of the Underwriters pursuant to which such person has agreed not to, directly or indirectly, offer, issue, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction, or enter into any form or agreement or arrangement the consequence of which is to alter economic exposure to any Subordinate Voting Shares or other securities convertible into, exchangeable for, or otherwise exercisable to acquire Subordinate Voting Shares or other equity securities of the Corporation for a period of 90 days after the Closing Date, without the consent of the Co-Lead Underwriters, such consent not to be unreasonably withheld or delayed, except in order to accept a bona fide take-over bid made to all holders of equity securities of the Corporation or similar acquisition or merger transaction and subject to certain other customary exceptions.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Subordinate Voting Shares. The foregoing restriction is subject to certain exceptions including: (i) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, (ii) a bid or purchase made for and on behalf of a customer where the order was not

solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities, or (iii) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with the Offering, the Underwriters may over-allot or effect transactions that are intended to stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the CSE, in the over-the-counter market or otherwise.

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the terms and conditions contained in the Underwriting Agreement, and subject to the approval of certain legal matters on behalf of the Corporation by Cassels Brock & Blackwell LLP and on behalf of the Underwriters by Dentons Canada LLP.

Subscriptions for the Units will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about December 21, 2020, or such other date as may be agreed upon by the Corporation and the Underwriters. It is anticipated that the Unit Shares and Warrants comprising the Units will be delivered under the book-based system through CDS or its nominee and deposited in electronic form, or will otherwise be delivered registered as directed by the Underwriters, on the Closing Date. Except in limited circumstances, a purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Unit Shares and Warrants on behalf of owners who have purchased Units in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required.

United States Sales

The Unit Shares and the Warrants comprising the Units offered hereby and the Warrant Shares issuable upon exercise of the Warrants have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, a person in the United States or a U.S. Person unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available.

Each Underwriter has agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable U.S. federal and state securities laws, it will not offer or sell the Units at any time to, or for the account or benefit of, any person in the United States or any U.S. Person as part of its distribution. The Underwriting Agreement permits the Underwriters to (i) re-offer and re-sell the Units that they have acquired pursuant to the Underwriting Agreement through or by one or more U.S. registered broker-dealer affiliates of the Underwriters (the "**U.S. Affiliates**") to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) ("**Qualified Institutional Buyer**") that are, or are acting for the account or benefit of, a person in the United States or a U.S. Person in compliance with Rule 144A under the U.S. Securities Act (and pursuant to similar exemptions under applicable state securities laws) and (ii) offer to "accredited investors" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act ("**Accredited Investor**") that will purchase the Units as substituted purchasers for the Underwriters, through U.S. Affiliates, directly from the Corporation in reliance upon Rule 506(b) of Regulation D and similar exemptions under applicable state securities laws. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Units outside the United States to non-U.S. Persons only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Units, and the Unit Shares and the Warrants comprising the Units, that are offered or sold to, or for the account or benefit of, a person in the United States or a U.S. Person, and any Warrant Shares issued upon the exercise of such Warrants, will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and will be subject to restrictions to the effect that such securities have not been registered under the U.S. Securities Act or any applicable state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. **Please note that an exemption from registration under Rule 144 of the U.S. Securities Act is currently not available and may not be available in future, if ever.**

The Warrants and the Warrant Shares have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws, and the Warrants will not be exercisable by or on behalf of a person in the United States or a U.S. Person, nor will certificates representing the Warrant Shares be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available and the Corporation has received an opinion of counsel of recognized standing or other evidence to such effect in form and substance reasonably satisfactory to the Corporation; provided, however, that a holder who is an Accredited Investor at the time of exercise of the Warrants and who purchased Units in transactions exempt from registration under the U.S. Securities Act and applicable state securities laws as either a Qualified Institutional Buyer or an Accredited Investor will not be required to deliver an opinion of counsel or such other evidence in connection with the exercise of Warrants that are a part of those Units.

This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Units to, or for the account or benefit of, a person in the United States or a U.S. Person. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units, Unit Shares or Warrants within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with exemptions from registration under the U.S. Securities Act and applicable state securities laws.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder (the "**Regulations**") generally applicable to a purchaser who acquires Units as beneficial owner pursuant to the Offering and who, at all relevant times and for purposes of the Tax Act: (i) will acquire and hold the Unit Shares, Warrants and Warrant Shares as capital property, and (ii) deals at arm's length and is not affiliated with the Corporation or the Underwriters (a "**Holder**").

Generally, Unit Shares, Warrant Shares and Warrants will be considered to be capital property to a Holder, provided the Holder does not hold Unit Shares, Warrant Shares and Warrants in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "financial institution" for the purposes of the mark-to-market rules contained in the Tax Act, (ii) that is a "specified financial institution" (as defined in the Tax Act); (iii) an interest in which is a "tax shelter investment" for purposes of the Tax Act; (iv) that has made a functional currency reporting election under section 261 of the Tax Act; (v) that has entered into, or will enter into, a "derivative forward agreement" or "synthetic disposition arrangement" (each as defined in the Tax Act) with respect to the Unit Shares, Warrant Shares or Warrants; or (vi) that receives dividends on Unit Shares or Warrant Shares under or as part of a "dividend rental arrangement" (as defined in the Tax Act). This summary does not address the deductibility of interest by a Holder who has borrowed money to acquire Units. Such Holders should consult their own tax advisors.

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

This summary is based on the current provisions of the Tax Act and the Regulations in force on the date hereof, all specific proposals to amend the Tax Act or the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Prospectus Supplement (the "**Proposed Amendments**") and counsel's understanding of the current administrative practices and assessing policies of the Canada Revenue Agency (the "**CRA**") publicly available prior to the date hereof. This summary assumes that the Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or in the administrative practices or assessing policies of CRA, whether by legislative, governmental, administrative or judicial

decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The following description of income tax matters is of a general nature only and is not intended to be, nor should it be construed to be, legal or income tax advice to any particular Holder. Holders are urged to consult their own income tax advisors with respect to the tax consequences applicable to them based on their own particular circumstances.

Allocation of Offering Price

The Offering Price must be allocated on a reasonable basis between the Unit Share and the one-half of one Warrant comprising a Unit to determine the cost of each to the Holder for purposes of the Tax Act. For its purposes, the Corporation intends to allocate $1.38 of the Offering Price as consideration for the issue of each Unit Share and $0.12 of the Offering Price as consideration for the issue of each one-half of one Warrant acquired as part of a Unit.

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

Exercise of Warrants

A Holder will not realize a gain or loss upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the aggregate of the Holder's adjusted cost base of such Warrant and the Exercise Price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Subordinate Voting Shares of the Corporation held as capital property immediately before the acquisition of the Warrant Share.

Taxation of Resident Holders

The following portion of this summary applies to a Holder who, for the purposes of the Tax Act, is or is deemed to be resident in Canada at all relevant times (a "**Resident Holder**"). A Resident Holder whose Unit Shares or Warrant Shares might not otherwise qualify as capital property may be entitled to make an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Unit Shares and Warrant Shares, and every other "Canadian security" (as defined in the Tax Act), held by such person, in the taxation year of the election and each subsequent taxation year to be capital property. This election does not apply to Warrants. Resident Holders should consult their own tax advisors regarding this election.

Expiry of Warrants

The expiry of an unexercised Warrant generally will result in a capital loss to the Resident Holder equal to the adjusted cost base of the Warrant to the Resident Holder immediately before its expiry. The tax treatment of capital gains and capital losses is discussed in greater detail below under the heading "Capital Gains and Capital Losses".

Dividends

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

with the provisions of the Tax Act. There may be limitations on the ability of the Corporation to designate dividends as eligible dividends.

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

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

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

Disposition of Unit Shares, Warrants and Warrant Shares

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

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized by the Resident Holder in such taxation year. Subject to and in accordance with the rules contained in the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a particular taxation year against taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

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

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

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

Alternative Minimum Tax

Capital gains realized and taxable dividends received or deemed to be received by a Resident Holder that is an individual or a trust (other than certain trusts) may affect the Resident Holder's liability to pay alternative minimum tax under the Tax Act. Resident holders should consult their own tax advisors with respect to the application of alternative minimum tax.

Taxation of Non-Resident Holders

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

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder on the Unit Shares or Warrant Shares will generally be subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend, unless such rate is reduced by the terms of an applicable income tax treaty or convention. Under the Canada-United States Tax Convention (1980), as amended (the "**Treaty**"), the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty, is the beneficial owner of the dividends, and is fully entitled to benefits under the Treaty (a "**U.S. Holder**") is generally limited to 15% of the gross amount of the dividend. The rate of withholding tax is further reduced to 5% if the beneficial owner of such dividend is a U.S. Holder that is a company that owns, directly or indirectly, at least 10% of the voting stock of the Corporation. Non-Resident Holders should consult their own tax advisors regarding the application of the Treaty or any other tax treaty.

Disposition of Unit Shares, Warrants and Warrant Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Unit Share, a Warrant or a Warrant Share unless the Unit Share, Warrant or Warrant Share, as the case may be, constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident.

Provided that the Unit Shares and Warrant Shares are listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the CSE), at the time of disposition, the Unit Shares, Warrants, and Warrant Shares generally will not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60 month period immediately preceding the disposition, (i) 25% or more of the issued shares of any class or series of the capital stock of the Corporation were owned by, or belonged to, any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm's length (for purposes of the Tax Act), and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) at such time, more than 50% of the fair market

value of such shares was derived, directly or indirectly, from any combination of real or immovable property situated in Canada, "Canadian resource property" (as defined in the Tax Act), "timber resource property" (as defined in the Tax Act), or options in respect of, interests in, or for civil law rights in such properties, whether or not such property exists. Notwithstanding the foregoing, the Unit Shares, Warrants, and Warrant Shares may also be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Tax Act in certain other circumstances. Non-Resident Holders should consult their own tax advisors as to whether their Unit Shares, Warrants, or Warrant Shares constitute "taxable Canadian property" in their own particular circumstances.

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

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

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

- a bank or other financial institution;
- a tax-exempt or governmental organization;
- a retirement plan or other tax-deferred account (other than with respect to U.S. Holders in the 401(k) Plan),
- a partnership, an S corporation or other entity treated as a partnership or pass-through (or an investor therein);
- an insurance company;
- a mutual fund, regulated investment company or real estate investment trust;
- a person that purchases or sells Unit Shares as part of a wash sale for tax purposes;
- a dealer or broker in stocks and securities, or currencies;
- a trader in securities that elects mark-to-market treatment;
- a holder of Unit Shares subject to the alternative minimum tax provisions of the Code;
- a holder of Unit Shares that received Unit Shares through the exercise of an employee stock option, through a tax qualified retirement plan or otherwise as compensation;
- a person that owns (or is deemed to own) 5% or more of the outstanding Unit Shares;

- a U.S. Holder whose functional currency is not the U.S. dollar;
- a person that holds Unit Shares as part of a hedge, straddle, constructive sale, conversion or other integrated transaction;
- a person required to accelerate the recognition of any item of gross income with respect to the Unit Shares as a result of such income being recognized on an applicable financial statement;
- "controlled foreign corporations" within the meaning of the Code;
- "passive foreign investment companies" within the meaning of the Code; or
- a U.S. expatriate.

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

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

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

U.S. Holders

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

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

With respect to the first bullet point above, an individual is generally treated as a resident of the U.S. for U.S. Federal income tax purposes in any calendar year if the individual either (i) is the holder of a green card, generally during any point of such year, or (ii) is present in the U.S. for at least 31 days in that calendar year, and for an aggregate of at

least 183 days during the three-year period ending on the last day of the current calendar year. For purposes of the 183-day calculation (often referred to as the Substantial Presence Test), all of the days present in the U.S. during the current year, one-third of the days present in the U.S. during the immediately preceding year, and one-sixth of the days present in the second preceding year are counted. Residents are generally treated for U.S. Federal income tax purposes as if they were U.S. citizens. Residents who are also residents or citizens of Canada should also review the discussion of Canadian Tax Considerations and are urged to consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of the Units, the Unit Shares, the Warrants or the Warrant Shares. Note that the Corporation expects to be treated as both a Canadian company for Canadian tax purposes and a U.S. company for U.S. Federal income tax purposes. In addition, the Corporation has filed corporate income tax returns in both Canada and the U.S. As a result, the Corporation expects that it will not be eligible for benefits under the income tax treaty between the U.S. and Canada.

Non-U.S. Holders

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

Tax Classification as a U.S. Domestic Corporation

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

Tax Considerations for U.S. Holders

Acquisition of Units

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

For this purpose, the Corporation will allocate $1.38 of the purchase price for the Unit to the Unit Share and $0.12 of the purchase price for each Unit to one-half of one Warrant. However, the IRS will not be bound by such allocation of the purchase price for the Units, and therefore, the IRS or a U.S. court may not respect the allocation set forth above. Each U.S. Holder should consult its own tax advisor regarding the allocation of the purchase price for the Units.

Exercise of Warrants

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

Disposition of Warrants

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

Expiration of Warrants Without Exercise

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

Certain Adjustments to the Warrants

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

Distributions on Unit Shares

The Corporation has not and does not foresee making distributions with respect to its Unit Shares. Distributions of cash or property with respect to the Unit Shares will constitute dividends for U.S. Federal income tax purposes to the extent paid from the Corporation's current or accumulated earnings and profits, as determined under U.S. Federal income tax principles. Dividends will generally be taxable to a non-corporate U.S. Holder at the preferential rates applicable to long-term capital gains, provided that such holder meets certain holding period and other requirements. Distributions in excess thereof will generally be treated first, as a return of capital and be applied against, and reduce, a U.S. Holder's adjusted tax basis in its Unit Shares, but not below zero, and thereafter be treated as capital gain and treated as described under " – Sale or Other Taxable Disposition" below. The Corporation has not conducted an analysis of whether it has current or accumulated earnings and profits, which are measured under U.S. income tax law principles. Such distributions may also be subject to Canadian withholding taxes.

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

Sale or Other Taxable Disposition of Unit Shares

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

Foreign Tax Credit Limitations

Because it is anticipated that the Corporation will be subject to tax both as a U.S. domestic corporation and as a Canadian corporation, a U.S. Holder may pay, through withholding, Canadian tax, as well as U.S. Federal income tax, with respect to dividends paid on Unit Shares. For U.S. Federal income tax purposes, a U.S. Holder generally may elect for any taxable year to receive either a credit or a deduction for foreign income taxes paid by the holder during the year. Complex limitations apply to the foreign tax credit, including a general limitation that the credit cannot exceed the proportionate share of a taxpayer's U.S. Federal income tax that the taxpayer's foreign source taxable income bears to the taxpayer's worldwide taxable income. In applying this limitation, items of income and deduction must be classified, under complex rules, as either foreign source or U.S. source. The status of the Corporation as a U.S. domestic corporation for U.S. Federal income tax purposes will cause dividends paid by the Corporation to be treated as U.S. source rather than foreign source for this purpose. As a result, a foreign tax credit may be unavailable

to U.S. Holders for any Canadian tax paid on dividends received from the Corporation. Similarly, to the extent a sale or disposition of the Unit Shares by a U.S. Holder results in Canadian tax payable by the U.S. Holder (for example, in the event the Unit Shares constitute taxable Canadian property within the meaning of the *Income Tax Act* (Canada)), a U.S. foreign tax credit may be unavailable to the U.S. Holder for such Canadian tax. In each case, however, the U.S. Holder should be able to take a deduction for the U.S. Holder's Canadian tax paid, provided that the U.S. Holder has not elected to credit other foreign taxes during the same taxable year. The foreign tax credit rules are complex, and each U.S. Holder should consult its own tax advisors regarding these rules.

Foreign Currency

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

Information Reporting and Backup Withholding

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

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

Tax Considerations for Non-U.S. Holders

Distributions on Unit Shares

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

Subject to the discussions under "Information Reporting and Backup Withholding" below and under "FATCA" below, any dividend paid to a Non-U.S. Holder of Unit Shares generally will be subject to U.S. Federal withholding tax at a rate of 30%, or such lower rate as may be specified under an applicable income tax treaty, unless the dividend is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the U.S. In order to receive a reduced treaty rate, a Non-U.S. Holder must provide its financial intermediary with an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or an appropriate successor form), properly certifying such holder's eligibility for

the reduced rate. If a Non-U.S. Holder holds Unit Shares through a financial institution or other agent acting on the Non-U.S. Holder's behalf, the Non-U.S. Holder will be required to provide appropriate documentation to such agent, and the Non-U.S. Holder's agent will then be required to provide such (or a similar) certification to us, either directly or through other intermediaries. A Non-U.S. Holder that does not timely furnish the required certification, but that qualifies for a reduced treaty rate, generally may apply for and obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their own tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

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

Sale or Other Taxable Disposition of Unit Shares

Subject to the discussions below under "Information Reporting and Backup Withholding" and "FATCA", a Non-U.S. Holder generally will not be subject to U.S. Federal income or withholding tax in respect of gain recognized on a sale, taxable exchange or other taxable disposition of a Unit Share, unless:

- the gain is effectively connected with the conduct of a trade or business by the Non-U.S. Holder within the United States (and, if an applicable income tax treaty so requires, is attributable to a U.S. permanent establishment or fixed base maintained by the Non-U.S. Holder);

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

- the Corporation is or has been a United States real property holding corporation ("**USRPHC**") for U.S. Federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition or the period that the Non-U.S. Holder held the Unit Share, and, in the case where the Corporation's shares are regularly traded on an established securities market, the Non-U.S. Holder has owned, directly or constructively, more than 5% of our shares at any time within the shorter of the five-year period preceding the disposition or such Non-U.S. Holder's holding period for the Unit Share. There can be no assurance that Unit Shares will be treated as regularly traded on an established securities market for this purpose.

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

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

Information Reporting and Backup Withholding

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

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

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

FATCA

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

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

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

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

ELIGIBILITY FOR INVESTMENT

In the opinion of Cassels Brock & Blackwell LLP, Canadian counsel to the Corporation, and Dentons Canada LLP, Canadian counsel to the Underwriters, based on the provisions of the Tax Act and the Regulations in force as of the date hereof:

(a) the Unit Shares and the Warrant Shares will be, at a particular time, "qualified investments" under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered education savings plan ("**RESP**"), a registered retirement income fund ("**RRIF**"), a registered disability savings plan ("**RDSP**"), a deferred profit sharing plan or a tax-free savings account ("**TFSA**"), all within the meaning of the Tax Act (each, a "**Registered Plan**") provided that such Unit Shares and Warrant Shares are listed on a "designated stock exchange" as defined in the Tax Act (which includes the CSE) at the particular time; and

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

Notwithstanding the foregoing, if the Unit Shares, Warrants or Warrant Shares held by a TFSA, RRSP, RRIF, RESP or RDSP are "prohibited investments" for purposes of the Tax Act, the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF, or the subscriber of the RESP, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Unit Shares, Warrants or Warrant Shares will generally not be "prohibited investments" unless the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF, or the subscriber of the RESP, as applicable (i) does not deal at arm's length with the Corporation for purposes of the Tax Act, or (ii) has a "significant interest" (as defined in the Tax Act) in the Corporation. In addition, the Unit Shares and Warrant Shares will generally not be "prohibited investments" if such securities are "excluded property" (as defined in the Tax Act) for a TFSA, RRSP, RRIF, RESP or RDSP. Prospective purchasers who intend to hold the Unit Shares, Warrants or Warrant Shares in their TFSAs, RRSPs, RRIFs, RESPs or RDSPs should consult their own tax advisors regarding their particular circumstances.

PRIOR SALES

The following tables set forth details regarding issuances of Subordinate Voting Shares and issuances of securities convertible into or exchangeable, redeemable or exercisable for Subordinate Voting Shares by the Corporation and Indus Holding Company during the 12-month period before the date of this Prospectus Supplement up to December 15, 2020.

Corporation Securities Issuances

Date	Type of Security Issued	Issuance/Exercise/ Conversion Price per Security	Number of Securities Issued
December 10, 2019	Options	$0.89	200,000
December 10, 2019	Subordinate Voting Shares	N/A	22,194[(1)]
December 18, 2019	Subordinate Voting Shares	N/A	1,924,456[(1)]
January 2, 2020	Restricted Stock Units	N/A	347,750
January 2, 2020	Options	US$0.85	465,000
January 22, 2020	Restricted Stock Units	N/A	40,000
February 14, 2020	Subordinate Voting Shares	N/A	12,953[(1)]
March 13, 2020	Bridge Convertible Loan	US$0.20	US$2.3 million aggregate principal amount
April 13, 2020	2020 Warrants	US$0.28	75,378,692
April 15, 2020	Options	US$0.35	2,885,000

Date	Type of Security Issued	Issuance/Exercise/ Conversion Price per Security	Number of Securities Issued
April 24, 2020	Restricted Stock Units	N/A	450,000
May 1, 2020	Subordinate Voting Shares	N/A	19,975[(1)]
May 11, 2020	2020 Warrants	US$0.28	625,000
May 14, 2020	2020 Warrants	US$0.28	1,250,000
May 20, 2020	2020 Warrants	US$0.28	1,125,000
May 22, 2020	2020 Warrants	US$0.28	2,000,000
June 10, 2020	Subordinate Voting Shares	N/A	250,000[(2)]
June 29, 2020	Options	US$0.51	225,000
July 15, 2020	Options	US$0.70	575,000
August 14, 2020	Restricted Stock Units	N/A	66,666
August 31, 2020	Subordinate Voting Shares	US$0.28	107,000[(3)]
August 31, 2020	Subordinate Voting Shares	N/A	53,500[(1)]
September 3, 2020	Options	US$1.18	200,000
September 18, 2020	Subordinate Voting Shares	N/A	40,000[(4)]
October 28, 2020	Restricted Stock Units	N/A	8,200
October 28, 2020	Options	US$1.20	500,000
November 2, 2020	Subordinate Voting Shares	N/A	419,502[(1)]
November 9, 2020	Options	US$1.35	300,000
November 11, 2020	Subordinate Voting Shares	N/A	1,504,910[(1)]
November 11, 2020	Subordinate Voting Shares	US$0.28	214,000[(3)]
November 11, 2020	Subordinate Voting Shares	N/A	107,000[(1)]
November 25, 2020	Subordinate Voting Shares	N/A	22,194[(1)]
November 25, 2020	Subordinate Voting Shares	N/A	150,000[(5)]
November 27, 2020	Subordinate Voting Shares	US$0.28	429,000[(3)]
November 27, 2020	Subordinate Voting Shares	N/A	214,500[(1)]

Notes:

(1) Issued in connection with the redemption, in accordance with their terms, of an equivalent number of Indus Sub Convertible Shares by certain holders thereof.
(2) Issued to Beacon Securities Limited in consideration for providing the Corporation financial advisory services in connection with the Convertible Debenture Offering.
(3) Issued in connection with the exercise of an equivalent number of 2020 Warrants.
(4) Issued in connection with the vesting of an equivalent number of restricted stock units.
(5) Issued in connection with a certain immaterial commercial arrangement.

Indus Holding Company Securities Issuances

Date	Type of Security Issued	Issuance/Exercise/ Conversion Price per Security	Number of Securities Issued
January 3, 2020	Indus Sub Class B Common Shares	N/A	557,605[(1)]
April 13, 2020	Convertible Debentures	US$0.20	US$15,075,738.46 aggregate principal amount
May 11, 2020	Convertible Debentures	US$0.20	US$125,000 aggregate principal amount
May 14, 2020	Convertible Debentures	US$0.20	US$250,000 aggregate principal amount

Date	Type of Security Issued	Issuance/Exercise/ Conversion Price per Security	Number of Securities Issued
May 20, 2020	Convertible Debentures	US$0.20	US$225,000 aggregate principal amount
May 22, 2020	Convertible Debentures	US$0.20	US$400,000 aggregate principal amount
June 25, 2020	Indus Sub Class B Common Shares	N/A	124,249[(1)]
July 23, 2020	Indus Sub Class B Common Shares	N/A	104,420[(1)]
August 31, 2020	Indus Sub Class C Common Shares	US$0.20	53,500[(2)]
November 11, 2020	Indus Sub Class C Common Shares	US$0.20	107,000[(2)]
November 27, 2020	Indus Sub Class C Common Shares	US$0.20	214,500[(2)]

Notes:

(1) Issued by Indus Holding Company in connection with the vesting of an equivalent number of restricted stock units, in lieu of Subordinate Voting Shares being issued by the Corporation.

(2) Issued on conversion of certain Convertible Debentures (including accrued interest thereon) in accordance with their terms.

(3) Since the completion of the Business Combination, from time to time upon an issuance by the Corporation of Subordinate Voting Shares, the Corporation has subscribed for and Indus Holding Company has issued to the Corporation a corresponding amount of additional Class A Common Shares of Indus Holding Company (the "**Indus Sub Class A Shares**"), such that the number of outstanding Indus Sub Class A Shares equals the number of outstanding Subordinate Voting Shares.

TRADING PRICE AND VOLUME

The issued and outstanding Subordinate Voting Shares are listed and posted for trading on the CSE under the symbol "INDS". The following table sets forth the reported intraday high and low prices and trading volumes of the Subordinate Voting Shares on the CSE on a monthly basis for the 12 month period prior to the date of this Prospectus Supplement (Source: CSE).

Period	High Trading Price	Low Trading Price	Volume
December 2019	$1.19	$0.51	1,542,733
January 2020	$1.15	$0.50	595,410
February 2020	$0.71	$0.275	4,223,967
March 2020	$0.425	$0.24	615,644
April 2020	$0.64	$0.295	762,613
May 2020	$1.00	$0.38	3,186,497
June 2020	$1.06	$0.58	568,821
July 2020	$1.44	$0.64	625,992
August 2020	$1.99	$1.11	1,037,193
September 2020	$1.94	$1.27	335,464
October 2020	$1.79	$1.31	228,071
November 2020	$2.33	$1.37	1,376,921
December 1 – 15, 2020	$2.28	$1.64	821,637

On December 15, 2020, the last trading day prior to the date of this Prospectus Supplement, the closing price per Subordinate Voting Share on the CSE was $2.04.

RISK FACTORS

An investment in securities of the Corporation including the Units offered hereby is subject to certain risks, which should be carefully considered by prospective purchasers before purchasing such securities. In addition to information set out or incorporated by reference in this Prospectus Supplement and the Prospectus currently and from time to time, investors should carefully consider the risk factors indicated below. Any one of such risk factors could materially adversely affect the Corporation's business, prospects, financial condition, results of operations, cash flows and/or an investment in the Units and could cause actual events to differ materially from those described in forward-looking information and statements relating to the Corporation set out or incorporated by reference in this Prospectus Supplement and the Prospectus. Additional risks and uncertainties of which the Corporation is currently unaware or that are unknown or that the Corporation currently deems to be immaterial could have a material adverse effect on the Corporation's business, prospects, financial condition, results of operations, cash flows and/or an investment in the Units. The Corporation cannot provide any assurances that it will successfully address any or all of these risks. Purchasers should carefully consider the risks described under the heading "Risk Factors" in the Prospectus and in the AIF. See "Documents Incorporated by Reference".

Unpredictability Caused by the Corporation's Capital Structure

Although other Canadian-listed companies have dual class or multiple voting and exchangeable share structures, given the other unique features of the capital structure of the Corporation, including the existence of a significant amount of redeemable equity securities that have been issued by, and are issuable pursuant to the exercise, conversion or exchange of the applicable convertible and exchangeable securities of, Indus Holding Company, which equity securities are redeemable from time to time for Subordinate Voting Shares in accordance with their terms, the Corporation is not able to predict whether this structure will result in a lower trading price for or greater fluctuations in the trading price of the Subordinate Voting Shares or will result in adverse publicity to the Corporation or other adverse consequences.

No Market for Warrants

There is currently no market through which the Warrants may be sold and the Corporation cannot provide any assurance that the Warrants will be listed on the CSE, or, if listed, that an active trading market for the Warrants will develop. Accordingly, purchasers may not be able to resell such Warrants purchased under this Prospectus Supplement. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

Dilution from Further Financings

The Corporation may need to raise additional financing in the future through the issuance of additional equity securities or convertible debt securities. If the Corporation raises additional funding by issuing additional equity securities or convertible debt securities, such financings may substantially dilute the interests of shareholders of the Corporation and reduce the value of their investment and the value of the Corporation's securities.

Active Liquid Market for Subordinate Voting Shares

There may not be an active, liquid market for the Subordinate Voting Shares. There is no guarantee that an active trading market for the Subordinate Voting Shares will be maintained on the CSE. Investors may not be able to sell their Subordinate Voting Shares quickly or at the latest market price if trading in the Subordinate Voting Shares is not active.

Volatile Market Price of the Subordinate Voting Shares

The market price of the Subordinate Voting Shares cannot be predicted and has been and may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control. This volatility may affect the ability of holders of Subordinate Voting Shares to sell their securities at an advantageous price. Market price fluctuations in the Subordinate Voting Shares may be due to the Corporation's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or competitive, regulatory or economic trends, adverse changes in the economic

performance or market valuations of companies in the industry in which the Corporation operates, acquisitions, dispositions, strategic partnerships, joint ventures, capital commitments or other material public announcements by the Corporation or its competitors or government and regulatory authorities, operating and share price performance of the companies that investors deem comparable to the Corporation, addition or departure of the Corporation's executive officers and other key personnel, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Subordinate Voting Shares.

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

Discretion in the Use of Proceeds

Management will have broad discretion concerning the use of the net proceeds from the Offering, as well as the timing of their expenditures. Depending on various factors, the intended use of net proceeds from the Offering may change. As a result, an investor will be relying on the judgment of management for the application of the net proceeds from the Offering. Management may use the net proceeds from the Offering in ways that an investor may not consider desirable if they believe it would be in the best interests of the Corporation to do so and could spend the proceeds in ways that do not improve the Corporation's results of operations or enhance the value of the Subordinate Voting Shares. The results and the effectiveness of the application of proceeds from the Offering are uncertain. If the proceeds are not applied effectively, the Corporation's business, financial condition, results of operations or prospects may suffer. Pending their use, the Corporation may invest the net proceeds from the Offering in a manner that does not produce income or that loses value.

Negative Operating Cash Flows

The Corporation had negative operating cash flows for the year ended December 31, 2019 and for the nine months ended September 30, 2020. While the Corporation realized positive operating cash flows for the three months ended September 30, 2020, the Corporation may incur negative operating cash flows in the future. Operating cash flows may decline in certain circumstances, many of which are beyond the Corporation's control. As a result, the Corporation may need to allocate a portion of its existing working capital or a portion of the net proceeds of the Offering or any future securities issuance to fund any such negative operating cash flow in future periods.

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

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

LEGAL MATTERS

Certain legal matters relating to the Offering will be passed upon on behalf of the Corporation by Cassels Brock & Blackwell LLP, Canadian counsel to the Corporation, and on behalf of the Underwriters by Dentons Canada LLP, Canadian counsel to the Underwriters. As of the date hereof, Cassels Brock & Blackwell LLP, and its partners and associates, and Dentons Canada LLP, and its partners and associates, beneficially own, directly or indirectly, in their respective groups, less than 1% of any class of outstanding securities of the Corporation.

PURCHASERS' STATUTORY RIGHTS

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

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

CERTIFICATE OF THE CORPORATION

Dated: December 16, 2020

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement, as required by the securities legislation of each of the provinces of Canada, other than Québec.

(Signed) MARK AINSWORTH
Chief Executive Officer

(Signed) BRIAN SHURE
Chief Financial Officer

On behalf of the Board of Directors

(Signed) GEORGE ALLEN
Chairman and Director

(Signed) WILLIAM ANTON
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: December 16, 2020

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

CANACCORD GENUITY CORP.

By: (Signed) STEVEN WINOKUR
Managing Director, Investment Banking

BEACON SECURITIES LIMITED

By: (Signed) MARIO MARUZZO
Managing Director, Investment Banking

PI FINANCIAL CORP.

By: (Signed) VAY THAM
Managing Director

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

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

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Indus Holdings, Inc., at 19 Quail Run Circle – Suite B, Salinas, California 93907, telephone (831) 998-8214, and are also available electronically at www.sedar.com.*

SHORT FORM BASE SHELF PROSPECTUS

New Issue and/or Secondary Offering December 11, 2020

INDUS HOLDINGS, INC.

$100,000,000

Subordinate Voting Shares

Debt Securities

Subscription Receipts

Warrants

Units

Indus Holdings, Inc. ("**Indus**" or the "**Corporation**") may from time to time offer and issue the following securities: (i) Subordinate Voting Shares of the Corporation ("**Subordinate Voting Shares**"); (ii) debt securities of the Corporation ("**Debt Securities**"); (iii) subscription receipts ("**Subscription Receipts**") exchangeable for Subordinate Voting Shares and/or other securities of the Corporation; (iv) warrants exercisable to acquire Subordinate Voting Shares and/or other securities of the Corporation ("**Warrants**"); and (v) securities comprised of more than one of Subordinate Voting Shares, Debt Securities, Subscription Receipts and/or Warrants offered together as a unit ("**Units**"), or any combination thereof having an offer price of up to $100,000,000 in aggregate (or the equivalent thereof, at the date of issue, in any other currency or currencies, as the case may be) at any time during the 25-month period that this short form base shelf prospectus (including any amendments hereto, the "**Prospectus**") remains valid. The Subordinate Voting Shares, Debt Securities, Subscription Receipts, Warrants and Units (collectively, the "**Securities**") offered hereby may be offered in one or more offerings, separately or together, in separate series, in amounts, at prices and on terms to be set forth in one or more prospectus supplements (collectively or individually, as

the case may be, "**Prospectus Supplements**"). One or more securityholders of the Corporation may also offer and sell Securities under this Prospectus. See "The Selling Securityholders".

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

All shelf information permitted under applicable securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus, unless an exemption from the prospectus delivery requirements is available. Each Prospectus Supplement will be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement and only for the purposes of the distribution of the Securities covered by that Prospectus Supplement. The offerings are subject to approval of certain legal matters on behalf of the Corporation by Cassels Brock & Blackwell LLP.

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

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

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

The issued and outstanding Subordinate Voting Shares are listed and posted for trading on the Canadian Securities Exchange (the "**CSE**") under the symbol "INDS" and on the OTCQX Best Market (the "**OTCQX**") under the symbol "INDXF". On December 10, 2020, the last trading day prior to the date of this Prospectus, the closing price per

Subordinate Voting Share on the CSE was $2.03 and on the OTCQX was US$1.60.**Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, Subscription Receipts, Warrants and Units will not be listed on any securities exchange. There is no market through which these Securities may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation.**

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

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

The Corporation has two classes of issued and outstanding shares: the Subordinate Voting Shares and the Super Voting Shares of the Corporation (the "**Super Voting Shares**"). The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws. Each Subordinate Voting Share is entitled to one vote per Subordinate Voting Share and each Super Voting Share is currently entitled to 1,000 votes per Super Voting Share on all matters upon which the holders of shares of the Corporation are entitled to vote, and holders of Subordinate Voting Shares and Super Voting Shares will vote together on all matters subject to a vote of holders of both those classes of shares as if they were one class of shares, except to the extent that a separate vote of holders as a separate class is required by law or provided by the articles of the Corporation. Other than the return of the issue price for their Super Voting Shares, the holders of Super Voting Shares are not entitled to receive, directly or indirectly, as holders of Super Voting Shares, any other assets or property of the Corporation. Holders of Subordinate Voting Shares are entitled to receive, as and when declared by the board of directors of the Corporation (the "**Board**"), dividends in cash or property of the Corporation. In the event of the liquidation, dissolution or winding-up of the Corporation, the holders of Subordinate Voting Shares are, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares (including, without restriction, the Super Voting Shares as to the issue price paid in respect thereof), entitled to participate rateably along with all other holders of Subordinate Voting Shares. **The Corporation is required to redeem the Super Voting Shares in connection with a change of control transaction, as defined in the Investment Agreement described below in this Prospectus, for their original issue price. The holders of Subordinate Voting Shares will not be entitled to participate in any such redemption under the terms of the Subordinate Voting Shares or under any coattail or similar agreement.** See "Description of Share Capital of the Corporation" for further details.

The directors, chief executive officer and chief financial officer of the Corporation reside outside of Canada and each has appointed Cassels Brock & Blackwell LLP, Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8, as his or her agent for service of process in Canada. GreenGrowth CPAs, the auditor of the Corporation, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, even if the party has appointed an agent for service of process.

The Corporation's head office is located at 19 Quail Run Circle – Suite B, Salinas, California 93907 and registered office is located at Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

This Prospectus qualifies the distribution of securities of an entity that currently directly derives all of its revenues from the cannabis industry in the State of California, which industry is illegal under U.S. Federal Law. As of the date hereof, 100% of the Corporation's operations are in the United States. The Corporation is directly involved (through licensed subsidiaries) in both the adult-use and medical cannabis industry in the State of California, as permitted within such state under applicable state law, which has regulated such industries.

The cultivation, manufacturing, sale, distribution, possession and use of cannabis is illegal under United States federal law pursuant to the U.S. Controlled Substance Act of 1970 (the "CSA"), which places controlled substances, including cannabis, in a schedule. Other than industrial hemp, cannabis is considered marijuana, is classified as a Schedule I controlled substance, and is illegal under United Stated federal law.

Under United States federal law, a Schedule I controlled substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. Under the CSA, the policies and regulations of the United States Federal Government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. The United States Food and Drug Administration (the "U.S. FDA") has not approved marijuana as a safe and effective drug for any indication.

Despite the current state of the United States federal law, the States of California, Nevada, Massachusetts, Maine, Michigan, Washington, Oregon, Colorado, Vermont, Arizona, Illinois, New Jersey, South Dakota, Montana and Alaska, and the District of Columbia, have legalized cannabis for adult or "recreational" use of cannabis; although the commercial recreational operations are not permitted in the District of Columbia because of a prohibition on using funds for regulation within a federal appropriations amendment to local District spending powers. In addition, over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis, with some imposing limits on the levels of tetrahydrocannabinol ("THC"). The November 2020 election saw all state cannabis ballot initiatives pass; resulting in four new adult-use cannabis markets (Arizona, New Jersey, Montana, and South Dakota), and two states legalize cannabis for medical purposes (Mississippi and South Dakota).

However, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions.

Additionally, state laws that permit and regulate the production, distribution and use of cannabis for adult-use or medical purposes are in direct conflict with the CSA. Although certain states authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice ("DOJ") specific to cannabis enforcement in the United States, including the Cole Memorandum (as defined herein). With the Cole Memorandum rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. Mr. Sessions resigned on November 7, 2018 and was succeeded by William Barr on February 14, 2019. The DOJ under Mr. Barr has not taken a formal position on federal enforcement of laws relating to cannabis. Mr. Barr has stated publicly that his preference would be to have a uniform federal rule against cannabis, but, absent such a uniform rule, his preference would be to permit the existing federal approach of leaving it up to the states to make their own decisions. Attorney General Barr's statements are not official declarations of the DOJ policy, are not binding on the DOJ, on any U.S. Attorney, or on the federal courts. Attorney General Barr may clarify, retract, or contradict these statements. There is no guarantee that the position of the DOJ will not change. Although Attorney General Barr has not provided a clear policy directive for the United States as it pertains to state-legal marijuana-related activities, and despite his previous statements, in June 2020 Congress investigated reports that Barr directed the DOJ to apply additional scrutiny to proposed cannabis mergers. If the DOJ policy was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such DOJ policies through pursuing prosecutions, then the Corporation could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, and (ii) the arrest of its employees, directors, officers, managers and investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis. Additionally, as has been affirmed by U.S. Customs and Border Protection ("CBP"), employees, directors, officers, managers and investors of the Corporation who are not U.S. citizens face the risk of being barred from entry into the United States for life.

On February 15, 2019, President Donald Trump signed the 2019 Fiscal Year Appropriations Bill which included the Rohrabacher-Farr Amendment (as defined herein), which prohibits the funding of federal

prosecutions with respect to medical cannabis activities that are legal under state law, extending its application until September 30, 2019. Thereafter, as part of the Congressional omnibus-spending bill, Congress renewed, through September 30, 2020, the Rohrabacher-Farr Amendment. While the Rohrabacher-Farr Amendment was temporarily renewed through the signing of a stopgap spending bill, effective through December 11, 2020, there can be no assurances that the Rohrabacher-Farr Amendment will be included in future appropriations bills or budget resolutions. See the section entitled "United States Regulatory Environment" within this Prospectus for additional information.

The Corporation's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States. Accordingly, there are a number of significant risks associated with the business of the Corporation. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current U.S. federal law, and the business of the Corporation may be deemed to be producing, cultivating, extracting, or dispensing cannabis or aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of federal law in the United States. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Corporation's business, results of operations, financial condition and prospects would be materially adversely affected.

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

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

TABLE OF CONTENTS

ABOUT THIS SHORT FORM BASE SHELF PROSPECTUS

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

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

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

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

MEANING OF CERTAIN REFERENCES AND CURRENCY PRESENTATION

References to dollars or "$" are to Canadian currency unless otherwise indicated. All references to "US$" refer to United States dollars. On December 10, 2020, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US$1.00 = $1.2734.

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

MARKET AND INDUSTRY DATA

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

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws. All information, other than statements of historical facts, included in this Prospectus that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, information regarding: statements relating to the business and future activities of, and developments related to, the Corporation after the date of this Prospectus; the legislative framework regarding the licensing of cannabis and related activities; proposed and anticipated changes to applicable laws and regulations regarding the cannabis market, associated fees and taxes and the business impact on the Corporation; the potential size of the adult and medical-use cannabis markets in the jurisdictions in which the Corporation currently operates in and may in the future operate; the availability and renewal of requisite licenses and permits on terms

acceptable to the Corporation, including those related to any expansion contemplated by the Corporation of its operations; the implementation of the Corporation's remaining construction plans in respect of its cultivation facility, including the timing thereof; anticipated future cultivation, manufacturing and extraction capacity and output, including upon completion of such construction and upon execution of definitive documentation in respect of a new facility contemplated by the Letter of Intent (as defined herein), and the resulting anticipated operational and financial benefits to the Corporation; expectations as to the development and distribution of the Corporation's brands and products and the distribution of third-party products; estimated future sales and revenue, estimated future operating costs and other prospective financial performance and the resulting effects on the Corporation's financial position; prospective operational performance; business prospects and objectives and near and long term strategies, including growth strategies; competitive strengths; anticipated trends and challenges in the Corporation's business and the markets in which it operates; the ability of the Corporation to satisfy the requirements of its debt obligations, and to repay, renew or refinance such indebtedness upon such indebtedness becoming payable in the event such indebtedness is not converted into equity in accordance with its terms; anticipated cash needs; the Corporation's ability to raise funds in the capital markets and the resulting effects on the Corporation's financial position; expectations regarding the schedule for the release of outstanding shares or other securities of the Corporation or its subsidiaries, which are currently subject to lock-up arrangements, from such arrangements; expectations of the use by the Corporation of the net proceeds raised from any public offering completed under this Prospectus; expectations for other economic, business, regulatory and/or competitive factors related to the Corporation or the cannabis industry generally, and other events or conditions that may occur in the future.

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

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

Risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements include, among others, risks relating to cannabis continuing to be a controlled substance under the CSA; the enforcement of U.S. federal law and any other relevant law and an investor's contribution to and involvement in such activities may result in U.S. federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment; the Rohrabacher-Farr Amendment (as defined herein) not being renewed; federal and state forfeiture laws; the illegality of cannabis under U.S. federal law restricts the Corporation's access to capital; anti-money laundering laws and regulation; restricted access to banking; heightened scrutiny by regulatory authorities; risks associated with travelling across borders; risk of regulatory or political change; the fact that the cannabis industry is a new industry and may not succeed; the Corporation's investors could be disqualified from ownership in the Corporation; public opinion and perception; general regulatory risks and

risks related to licensure; California regulatory non-compliance; reclassification of cannabis in the United States; service providers; enforceability of contracts; lack of access to U.S. bankruptcy protections; environmental risk and regulation; COVID-19 risks; risks associated with the loss of foreign private issuer status; risks related to the Super Voting Shares; unpredictability caused by the Corporation's capital structure; the fact that the convertible debenture purchase agreement in respect of the Convertible Debenture Offering (as defined herein) carries significant provisions and creditor control; the Corporation may not be able to refinance, extend or repay its indebtedness; limited operating history; reliance on management; additional financing may be required to fund the Corporation's continuing operations; potential future negative cash flow from operations; competition; future acquisitions or dispositions may present risks; risks inherent in an agricultural business; vulnerability to rising energy costs; product liability; product recalls; results of future clinical research being unfavourable; reliance on key inputs; dependence on suppliers and skilled labour; management of growth; product diversion; internal controls being inadequate; forecasting risks; risks presented by premises being leased; reliance on a single jurisdiction; probable lack of diversification; the fact that reliable data on the medical and adult-use marijuana industry is not available; litigation; intellectual property risks; competition from synthetic production and technological advances; constraints on marketing products; fraudulent or illegal activity by employees, contractors and consultants; information technology systems and cyber-attacks; security breaches; federal tax risks; California state and local taxes; high bonding and insurance coverage costs; global financial conditions; the fact that the Corporation is a holding company; costs associated with being a public company; certain remedies and rights to indemnification may be limited; difficulty in enforcing judgments and effecting service of process on directors and officers; past performance not indicative of future results; financial projections may prove materially inaccurate or incorrect; market price volatility risks; sales by existing securityholders, including upon expiration of existing lock-up arrangements; limited market for securities and dilution and future sales of Indus securities, as well as those risk factors discussed elsewhere herein and in the documents incorporated by reference herein, including the AIF.

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

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

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Corporation, at 19 Quail Run Circle – Suite B, Salinas, California 93907, telephone (831) 998-8214, and are also available electronically at www.sedar.com.

As of the date hereof, the following documents, filed with the various securities commissions or similar authorities in each of the provinces of Canada, except Québec, are specifically incorporated by reference into and form an integral part of this Prospectus:

1. the annual information form of the Corporation dated November 9, 2020 (the "**AIF**");

2. the unaudited condensed interim consolidated financial statements of the Corporation as at and for the three and nine months ended September 30, 2020 and 2019, together with the notes thereto;

3. the management's discussion and analysis of the Corporation for the three and nine months ended September 30, 2020 and 2019 (the "**Interim MD&A**");

4. the audited consolidated financial statements of the Corporation as at and for the financial years ended December 31, 2019 and 2018, together with the notes thereto and the auditor's report thereon;

5. the management's discussion and analysis of the Corporation for the financial years ended December 31, 2019 and 2018;

6. the management information circular of the Corporation dated September 22, 2020, prepared in connection with an annual general meeting of shareholders held on October 22, 2020;

7. the material change report dated April 20, 2020 regarding the completion by the Corporation of the Convertible Debenture Offering and related changes to the Board and management of the Corporation;

8. the material change report dated March 23, 2020 regarding the entering into by the Corporation of a US$2.3 million loan with certain lenders, including Geronimo Capital, LLC ("**Geronimo Capital**") and Merida Capital Partners, a non-binding term sheet with Geronimo Capital and Merida Capital Partners in respect of an additional prospective financing, and an amendment and restatement of its existing US$1.5 million short term bridge loan facility; and

9. the material change report dated January 20, 2020 regarding the entering into by the Corporation of a US$1.5 million short term bridge loan facility.

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

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

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

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

Any "template version" of any "marketing materials" (each term as defined in National Instrument 41-101 — *General Prospectus Requirements* ("**NI 41-101**")) filed by the Corporation after the date of a Prospectus Supplement and before the termination of the distribution of Securities offered pursuant to such Prospectus Supplement (together with this Prospectus) is deemed incorporated by reference in such Prospectus Supplement.

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

THE CORPORATION

Corporate Structure

Indus Holding Company entered into a definitive agreement dated as of March 29, 2019 (the "**Business Combination Agreement**") with Mezzotin Minerals Inc. ("**Mezzotin**") and certain other parties pursuant to which Mezzotin and Indus Holding Company effected a business combination, which was completed on April 26, 2019, that resulted in a reverse take-over of Mezzotin by the securityholders of Indus Holding Company (the "**Business Combination**" or the "**RTO**").

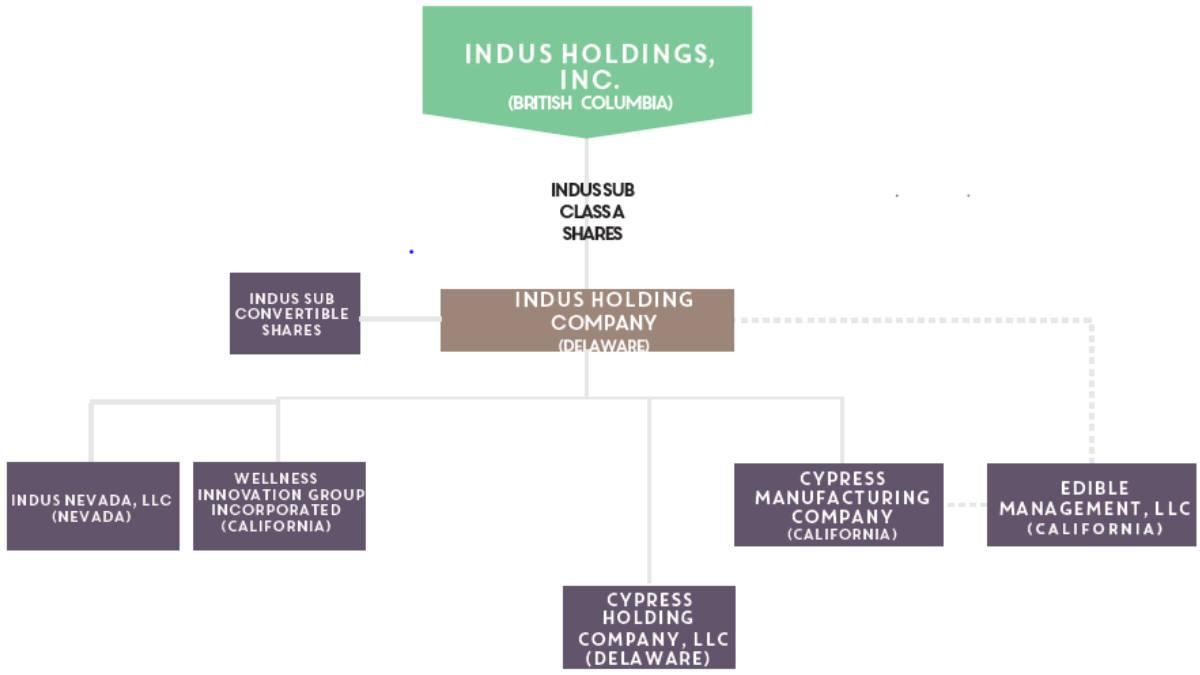
Mezzotin was incorporated under the *Business Corporations Act* (Ontario) on October 27, 2005 under the name Zoolander Corporation. The articles of Mezzotin were amended on April 21, 2011 to consolidate the common shares of Mezzotin on a 0.5:1 basis, and were subsequently amended again on September 10, 2013 to change the name of Mezzotin from "Zoolander Corporation" to "Mezzotin Minerals Inc." In connection with the RTO, Mezzotin filed articles of amendment to effect the Share Terms Amendment (as defined below) and continued into the Province of British Columbia under *the Business Corporations Act* (British Columbia) under the name "Indus Holdings, Inc."

Indus Holding Company was formed as a corporation under the laws of the State of Delaware on January 2, 2015. Its articles of incorporation were amended by way of a seventh amendment and restatement in connection with the completion of the RTO, in order to create the Class A Common Shares and Class B Common Shares, as described in the next paragraph, which articles were further amended by way of an eighth amendment and restatement effective April 16, 2020 in connection with the completion of the approximately US$16.1 million senior secured convertible debenture offering by Indus Holding Company in April and May 2020 (the "**Convertible Debenture Offering**"), in order to create the Class C Common Shares. See "General Development of the Business – Financing Transactions" in the AIF for further details as to the Convertible Debenture Offering.

In connection with the RTO: (i) a new class of equity shares designated as the Subordinate Voting Shares were created, with all outstanding common shares of Mezzotin being reclassified as Subordinate Voting Shares, on the basis of one Subordinate Voting Share for every 485.3 existing common shares, and the common shares being removed as an authorized class of shares of Mezzotin; and (ii) a new class of non-participating Super Voting Shares were created (collectively, the "**Share Terms Amendment**"). Additionally, by way of the seventh amended and restated articles of incorporation of Indus Holding Company, a new class of voting Class A Common Shares ("**Indus Sub Class A Shares**") and a new class of non-voting redeemable Class B Common Shares (such Class B Common Shares and the Class C Common Shares created in connection with the Convertible Debenture Offering, being collectively, the "**Indus Sub Convertible Shares**") of Indus Holding Company were created. Indus Sub Class A Shares were issued to Mezzotin and the existing outstanding shares of Indus Holding Company at such time were reclassified as Indus Sub Convertible Shares at a rate of one (1) Indus Sub Convertible Share for every one (1) existing share held.

Overall, pursuant to the RTO, a series of transactions were completed resulting in a reorganization of Indus Holding Company and Mezzotin, as a result of which Mezzotin became the parent and sole voting shareholder of Indus Holding Company. Upon completion of the RTO, the Corporation and its subsidiaries continued to carry on the business carried on by Indus Holding Company prior to the completion of the RTO. The material subsidiaries of Indus Holding Company did not change in connection with the RTO.

Set forth below is the organization chart of the Corporation, setting out all material subsidiaries of the Corporation and their jurisdiction of incorporation, formation or organization. Each of the subsidiaries of Indus Holding Company is wholly-owned by it. Indus Holding Company and Cypress Manufacturing Company are party to certain management agreements with Edible Management, LLC, through which they derive all of the economic value and costs of the operations of Edible Management, LLC.



Note: See "Description of Share Capital of the Corporation" herein and "Description of Capital Structure" in the AIF for additional details as to the share capital of the Corporation and Indus Holding Company.

Summary Description of the Business

Since the completion of the Business Combination, the Corporation has adopted the business carried on by Indus Holding Company. Indus Holding Company was formed to own, operate and develop businesses related to the cultivation, manufacture, extraction, package, distribution and sale of cannabis and cannabis products under owned and licensed brands in California, where such activities are authorized under applicable law. Edible product manufacturing commenced in 2015 with initial sales occurring in July 2015. In December 2016, Indus Holding Company commenced distribution activities for third-party brands. Extraction activities commenced in 2017 with initial sales occurring in May 2017. Cultivation activities commenced in 2017 with the initial harvest occurring in July 2017. In May 2019, the Corporation entered into an asset acquisition transaction, as a result of which the Corporation would have expanded its operations into Nevada and Oregon. In July 2020, with a view of streamlining its operations, Indus terminated this transaction, and presently remains focused on its operations in California.

As at October 31, 2020, the Corporation held a cash balance of approximately US$4.8 million and a working capital balance of approximately US$20.3 million, compared to approximately US$6.5 million and approximately US$20 million, respectively, as at September 30, 2020.

During the financial year ended December 31, 2019 and the nine months ended September 30, 2020, the Corporation had negative operating cash flows. As described in the Interim MD&A, cash generated from ongoing operations in

2019 and during the nine months ended September 30, 2020 were not sufficient to fund the operations of the Corporation and, in particular, to fund the Corporation's cultivation capital expenditures in the short term, and any growth initiatives in the long term. As a result, such cultivation capital expenditures were funded primarily by way of the Convertible Debenture Offering, which expenditures have placed the Corporation on a path of generating positive operating cash flows, as described below, and which positive operating cash flows were first realized during the three months ended September 30, 2020.

The Corporation realized positive operating cash flows of approximately US$4.5 million during the three months ended September 30, 2020. This was principally due to increased harvest volumes generated as a result of the renovations completed by the Corporation during 2020 to its cultivation facility in Monterey County, California using proceeds raised from the Convertible Debenture Offering and a strategic change in focus to selling the Corporation's own branded products, which provides higher margins as compared to the Corporation's agency and distributed sales of third-party products. As a result of such completed renovations, for 2020, the Corporation expects to harvest approximately 2 to 2.5 times the volume of cannabis harvested in 2019 and, as a result of such change in strategic focus, owned brand sales were 84% of total sales during the three months ended September 30, 2020 and 73% during the nine months ended September 30, 2020, compared to 42% and 38%, respectively, for the corresponding periods during 2019. For the quarter ended December 31, 2020, the Corporation is expecting lower harvest yields than the previous quarter due to plant stress experienced from sealing greenhouses to prevent poor air quality from entering due to wildfires in California that occurred in late summer, early fall 2020, at a time when outdoor temperatures were also elevated. In connection with this expectation, on December 3, 2020, the Corporation announced that based on preliminary financial information and subject to year-end closing adjustments, the Corporation expects net revenue for the fourth quarter of 2020 to be approximately US$9.5 million to US$11.5 million, a decline from the previously expected approximately US$14 million. Prior to this announcement, the Corporation anticipated some deterioration in yields, however the deterioration in yields has been more pronounced than anticipated. New plantings in the current quarter that will harvest in the first quarter of 2021 are expected to return to normal yields.

As a result of the completed renovations during 2020 and the remaining limited renovations, described below, that are contemplated, for 2021, the Corporation expects to harvest approximately double the volume of cannabis harvested in 2020. Associated operating expenses are not expected to materially increase. Capital expenditures of between approximately US$1.5 to US$2.0 million are expected by the Corporation over the next six months associated with completing the renovation of the cultivation drying and processing operations at its cultivation facility, none of which expenditures have been committed to at this time and can be varied without materially adversely impacting the business, results of operations or cash flows of the Corporation. Additionally, the Corporation expects up to an additional US$1 million in sustaining capital expenditures over the next 12 months associated with current cultivation operations. All of such renovation and sustaining capital expenditures are expected by the Corporation to be funded from existing cash on hand or cash generated from operating activities. Overall, as a result of the projected increased output from the Corporation's cultivation facility and limited capital expenditures associated with the existing cultivation operations, the Corporation anticipates that its existing operations will continue to generate positive operating cash flows over the next 12 months.

Notwithstanding this, there can be no assurance that the Corporation will operate as anticipated and continue to realize positive operating cash flows in the future. The wildfires that occurred in late summer, early fall 2020 negatively impacted the Corporation's business, financial position, results of operations and cash flows during the third quarter of 2020 and are expected to continue to have a negative impact for the fourth quarter of 2020 and potentially beyond as the Corporation completes its production from cannabis crops that were impacted by such wildfires. In the fourth quarter of 2020, the Corporation installed automated environmental control systems within individual grow rooms at its cultivation facility. While the Corporation believes that the addition of such systems should mitigate future negative effects of wildfires that may occur nearby the Corporation's cultivation facility in the future, there is no guarantee that such negative effects would in fact be mitigated. See "Risk Factors".

Readers are strongly encouraged to carefully read all of the risk factors contained herein, in the AIF and other documents incorporated or deemed to be incorporated by reference herein, the applicable Prospectus Supplement and the documents incorporated or deemed to be incorporated by reference therein. The Corporation's business, financial condition, results of operations, cash flows and prospects and subject to the risks and uncertainties described therein and to additional risks and uncertainties of which the Corporation is currently unaware or that are unknown or that the Corporation currently deems to be immaterial.

Recent Developments

On November 9, 2020, Brian Shure was appointed Chief Financial Officer of the Corporation, adding strategic and financial experience to the Corporation's management team and replacing Steve Neil. Prior to his appointment as Chief Financial Officer, Mr. Shure's principal occupation was as Chief Financial Officer of MedData, Inc., a revenue cycle management company in the healthcare industry. Concurrently, Mr. Shure served as President of Ambrose Capital Partners, an investment management firm directing public and private investments. Mr. Neil continues with the Corporation and will focus on operational finance and accounting initiatives.

On November 18, 2020, the Corporation announced that it had entered into a non-binding letter of intent (the "**Letter of Intent**") to lease a 300,000 square foot facility, located nearby the Corporation's existing cultivation facility in Monterey County, California, with the intention of utilizing the new facility to host additional cultivation operations. The Letter of Intent contemplates a 20-year lease, with a five-year extension option being available to the Corporation. The Corporation anticipates that the facility will contribute approximately 50,000 pounds of annual flower production capacity once it has been upgraded and is fully operational. The Corporation anticipates that it will take approximately 12 months to retrofit the facility for this capacity and to bring the facility online for operation, and as such anticipates that a first harvest by the facility would occur in 2022 assuming that the facility is leased by the Corporation and sufficient funds are raised by the Corporation to complete such upgrade and commissioning work by the first quarter 2021. The facility is currently partially licensed for cannabis operations, and as such operation of the facility as contemplated is subject to the Corporation obtaining requisite additional licensing in due course. The lease arrangement remains subject to further due diligence by the Corporation as well as the negotiation and execution of definitive documentation in respect thereof. There is no certainty that the Corporation and the landlord will reach final agreement on the terms of the lease contemplated in the Letter of Intent, that the terms of the definitive documentation will be as described herein, that the Corporation will be able to raise any necessary funds, whether under this Prospectus or otherwise, in order to complete the necessary upgrade and commissioning work to bring the facility online in a timely manner, that the Corporation will complete, and will operate the facility upon completion of, such upgrade and commissioning work as described herein, nor that the Corporation will obtain the requisite additional licenses in order to operate the facility as contemplated by the Corporation.

Insider Trading Policy

The Board has adopted an insider trading policy to set forth basic guidelines for trading in the Corporation's securities (including, without limitation, its Subordinate Voting Shares) and to preserve its confidential information so as to avoid any situation that might have the potential to damage the Corporation's reputation or which could constitute a violation of applicable securities laws by the Corporation, its officers, directors, or employees.

Under this policy, among others, directors, officers and employees of the Corporation and its subsidiaries are prohibited from trading in Subordinate Voting Shares and other securities on the basis of material non-public information in respect of the Corporation until after the information has been disclosed to the public. Additionally, material non-public information is restricted from being disseminated by such individuals to any person, inside or outside of the Corporation, except on a strict need-to-know basis as is necessary in the course of the Corporation's business and under circumstances that make it reasonable to believe that the information will not be misused or improperly disclosed by the recipient.

In order to provide a degree of certainty as to when insider trading is permissible in relation to the timing of quarterly and annual releases of financial information, the Corporation has established recurring "quiet periods" relative to such releases. Directors, officers and certain employees with access to financial results are not permitted, without the prior approval of the Corporation, to buy or sell the Corporation's securities during the periods commencing at the end of the trading day on the 15th day of the last month of the quarter or fiscal year, as applicable, and ending at the end of the second full trading day after the quarterly or annual financial results, as applicable, are publicly disclosed. Trading in the Corporation's securities by such individuals at other times is permitted, but all such transactions must receive the prior approval of the Corporation.

Promoter Status of Co-Founders of Indus Holding Company

Robert Weakley and Mark Ainsworth were the Co-Founders of Indus Holding Company. While Mr. Weakley and Mr. Ainsworth may have been considered to be "promoters" of the Corporation (as defined in the *Securities Act* (Ontario)) at the time of completion of the Business Combination, the Ontario Securities Commission (the "**OSC**") as a part of its review of this Prospectus did not object, on behalf of the other securities commissions or similar regulatory

authorities in the provinces of Canada, except Québec, to the Corporation's view that Mr. Weakley and Mr. Ainsworth ceded any status they had as promoters of the Corporation upon completion of the Convertible Debenture Offering, which was an intervening event in respect of any promoter status that they held prior to the completion of the same. Among other things, the OSC's non-objection was on the basis that:

- the Convertible Debenture Offering was led by Geronimo Capital and two additional entities associated with Geronimo Capital (collectively, the "**Geronimo Entities**"), as the lead and primary lenders thereunder. The Geronimo Entities collectively subscribed for and hold US$11,428,361 principal amount of convertible debentures and 57,141,803 warrants pursuant to the Convertible Debenture Offering, which in aggregate currently represent approximately 56% of the outstanding Subordinate Voting Shares on a fully-diluted basis. George Allen, as the founder of Geronimo Capital, exercises management authority over the Geronimo Entities and as a result exercises control and direction over such convertible debentures and warrants purchased by the Geronimo Entities pursuant to the Convertible Debenture Offering;

- the conditions to completing the Convertible Debenture Offering involved a reconstitution of the Board and management of the Corporation, which included the resignation of one (1) director and appointment of three (3) new directors, increasing the Board from five (5) to seven (7) members, and the appointment of a new Chief Executive Officer and a new Chief Financial Officer. This involved removing Mr. Weakley from his positions as Chairman and Chief Executive Officer, appointing Mr. Allen as Chairman and a member of the Board and appointing Mr. Ainsworth, then the Chief Operating Officer, as the Chief Executive Officer. While Mr. Weakley retained his position on the Board and did not resign from the Board at the time of closing the Convertible Debenture Offering, he was later not nominated by the Corporation for re-election to the Board at its annual shareholder meeting held on October 22, 2020 and in his place Bruce Gates was nominated by the Corporation and elected to the Board at such annual shareholder meeting. Overall, as a result of changes connected to the Convertible Debenture Offering, four (4) of seven (7) Board members, or a majority, are newly appointed or elected;

- as an additional condition to completing the Convertible Debenture Offering, Mr. Weakley entered into the voting agreements described below under "Description of Share Capital of the Corporation – Voting Agreements" in respect of his Super Voting Shares, as a result of which he no longer has the ability to exercise control or direction in respect of such shares;

- Mr. Weakley's involvement with the Corporation is now limited to any remaining ownership that he has of securities of the Corporation and Indus Holding Company. To the knowledge of the Corporation, Mr. Weakley currently holds approximately 2.7% of the outstanding Subordinate Voting Shares on a fully-diluted basis;

- while Mr. Ainsworth remains an executive of the Corporation and a member of the Board, to the knowledge of the Corporation, Mr. Ainsworth holds less than 1% of the outstanding Subordinate Voting Shares on a fully-diluted basis and he has never had responsibility for developing the strategic direction of the business of the Corporation or steering the business of the Corporation. He was initially an Executive Vice President, then later the Chief Operating Officer of the Corporation, after which he was appointed Chief Executive Officer of the Corporation in connection with the completion of the Convertible Debenture Offering. In these roles, Mr. Ainsworth has had significant involvement in implementing the business of the Corporation, but he has not been a primary person that has overseen the strategic direction of the business of the Corporation. Prior to the completion of the Business Combination, the strategic direction of Indus Holding Company was overseen by (and only by) Mr. Weakley under the supervision of its board of directors. This remained the case after completion of the Business Combination as, upon completion of the same, Mr. Weakley was appointed as the Chairman of the Board and as such led the strategic direction of the Corporation, with contribution from the rest of the Board. Upon completion of the Convertible Debenture Offering, Mr. Allen was appointed as the Chairman of the Board and assumed the role from Mr. Weakley of leading the strategic direction of the Corporation, with contribution from the rest of the Board; and

- prior to the completion of the Convertible Debenture Offering, the Corporation required capital to fund the capital investments needed in order to place the Corporation's operations on a path to becoming cashflow positive. Under the leadership of Mr. Allen, the proceeds from the Convertible Debenture Offering have

been used by the Corporation to make the requisite business changes needed to put it on a path to achieving long term sustainability.

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

Readers are strongly encouraged to carefully read all of the risk factors contained herein, in the AIF and other documents incorporated or deemed to be incorporated by reference herein, the applicable Prospectus Supplement and the documents incorporated or deemed to be incorporated by reference therein.

THE SELLING SECURITYHOLDERS

Securities may be sold under this Prospectus by way of secondary offering by or for the account of certain of the Corporation's securityholders. The Prospectus Supplement that the Corporation will file in connection with any offering of Securities by selling securityholders will include the following information:

- the names of the selling securityholders;
- the number or amount of Securities owned, controlled or directed of the class being distributed by each selling securityholder;
- the number or amount of Securities of the class being distributed for the account of each selling securityholder;
- the number or amount of Securities of any class to be owned, controlled or directed by the selling securityholders after the distribution and the percentage that number or amount represents of the total number of the Corporation's outstanding Securities;
- whether the Securities are owned by the selling securityholders both of record and beneficially, of record only, or beneficially only; and
- all other information that is required to be included in the applicable Prospectus Supplement.

Where applicable, the selling securityholders will file a non-issuer's submission to jurisdiction form with the applicable Prospectus Supplement.

DESCRIPTION OF SHARE CAPITAL OF THE CORPORATION

The authorized share capital of the Corporation is comprised of an unlimited number of Super Voting Shares and an unlimited number of Subordinate Voting Shares. As of December 10, 2020, there were 202,590 Super Voting Shares and 19,979,172 Subordinate Voting Shares issued and outstanding. As of the date of this Prospectus, all outstanding Super Voting Shares are held by Robert Weakley, a Co-Founder of Indus Holding Company.

As of December 10, 2020, there were 14,638,228 Indus Sub Convertible Shares issued and outstanding. See "Description of Capital Structure" in the AIF for details as to the outstanding securities of the Corporation and Indus Holding Company that are convertible, exchangeable or exercisable for Subordinate Voting Shares or Indus Sub Convertible Shares. Such securities include convertible debentures issued by Indus Holding Company pursuant to the Convertible Debenture Offering that are convertible into 80,006,622 Indus Sub Convertible Shares (excluding any accrued interest thereon, which is also convertible into Indus Sub Convertible Shares at a price of US$0.20 per share) and warrants issued by the Corporation pursuant to the Convertible Debenture Offering that are exercisable for 79,628,692 Subordinate Voting Shares at a price of US$0.28 per share.

The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws. The Corporation has complied with the requirements of Part 12 of NI 41-101 to be able to file a prospectus under which the Subordinate Voting Shares or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, the Subordinate Voting Shares are distributed, as the Corporation received the requisite prior majority approval of shareholders of Indus, at the special meeting of shareholders held on January 16, 2019, in accordance with applicable law, including Section 12.3 of NI 41-101, to, among other things, effect the Share

Terms Amendment. The Share Terms Amendment constituted a "restricted security reorganization" within the meaning of such term under applicable Canadian securities laws.

As of December 10, 2020, the Subordinate Voting Shares represent approximately 9.0% of the voting rights attached to outstanding securities of the Corporation and the Super Voting Shares represent approximately 91.0% of the voting rights attached to outstanding securities of the Corporation.

The following is a summary of the rights, privileges, restrictions and conditions attached to the Super Voting Shares and the Subordinate Voting Shares but does not purport to be complete. Reference should be made to the articles of the Corporation and the full text of their provisions for a complete description thereof.

Super Voting Shares

Holders of Super Voting Shares are entitled to notice of and to attend any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation will have the right to vote. At each such meeting, holders of Super Voting Shares will be entitled to 1,000 votes in respect of each Super Voting Share held. Holders of Super Voting Shares are not entitled to receive dividends. In the event of the liquidation, dissolution or winding-up of the Corporation, the Corporation will distribute its assets in priority to the rights of holders of any other class of shares of the Corporation (including the holders of the Subordinate Voting Shares) to return the issue price of the Super Voting Shares to the holders thereof. The holders of Super Voting Shares shall not be entitled to receive any other assets or property of the Corporation and their sole rights in respect of assets or property of the Corporation will be to such return of the issue price of such Super Voting Shares.

There is a restriction on the transfer of the Super Voting Shares. The Super Voting Shares can only be transferred in accordance with the terms of an investment agreement (the "**Investment Agreement**") entered into as of April 26, 2019 between the Corporation and Robert Weakley. The Investment Agreement provides that Super Voting Shares may be transferred only among Mr. Weakley and the other members of a permitted transferee group or otherwise with the consent of the Corporation. The Investment Agreement prohibits the Corporation from consenting to a transfer that would result in the Super Voting Shares being acquired pursuant to a change of control transaction, as defined in the Investment Agreement.

The Corporation has the right to redeem from the holders of the Super Voting Shares (i) any or all of the Super Voting Shares for their original purchase price in the event Mr. Weakley resigns all of his positions with the Corporation and its subsidiaries other than for "Good Reason", as defined in the Investment Agreement, or if Mr. Weakley and the other members of the permitted transferee group hold less than 50% of the total number of Indus Sub Convertible Shares and Subordinate Voting Shares held by Mr. Weakley and the other members of the permitted transferee group as of the closing of the RTO; and (ii) any Super Voting Shares that are transferred to persons other than the members of the permitted transferee group without the Corporation's consent. Mr. Weakley and the Corporation agreed that his resignation as Chief Executive Officer of the Corporation in April 2020 was for Good Reason. In addition, the Corporation is required to redeem the Super Voting Shares in connection with a change of control transaction, as defined in the Investment Agreement, for their original purchase price. **The holders of Subordinate Voting Shares will not be entitled to participate in any such redemption under the terms of the Subordinate Voting Shares or under any coattail or similar agreement.**

Subordinate Voting Shares

Holders of Subordinate Voting Shares are entitled to receive as and when declared by the Board, dividends in cash or property of the Corporation. Holders of Subordinate Voting Shares are also entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held.

In the event of the liquidation, dissolution or winding-up of the Corporation, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares (including, without restriction, the Super Voting Shares as to the issue price paid in respect thereof) be entitled to participate ratably along with all other holders of Subordinate Voting Shares.

Voting Agreements

The Corporation entered into a voting agreement (the "**Voting Agreement**") as of April 10, 2020 with Mr. Weakley and the lenders (the "**Lenders**") under the Convertible Debenture Offering. Pursuant to the Voting Agreement, among other things, the Lenders have three director nominees, the directors of the Corporation immediately prior to the closing of the Convertible Debenture Offering which continue to be on the Board (or their designated successors) have three director nominees and a seventh nominee is required to be mutually selected by the three Lender nominees and the three Indus board nominees. Additionally, Mr. Weakley and the Lenders are required to vote, or cause to be voted, all shares of the Corporation owed by them or over which they have voting control, from time to time, at each annual or special meeting of the shareholders of the Corporation at which an election of directors is held to elect the individuals nominated for election to the Board under the foregoing process. The Corporation has also entered into a letter agreement (the "**Letter Agreement**") as of April 10, 2020 with Mr. Weakley pursuant to which, among other things, Mr. Weakley is required to vote his Super Voting Shares (i) in accordance with the Voting Agreement, and (ii) as directed by the Board in all other instances. The foregoing is a summary of certain terms of the Voting Agreement and the Letter Agreement but does not purport to be complete. Reference should be made to the full text of their provisions for a complete description thereof.

See "Description of Capital Structure" in the AIF for additional details as to the share capital of the Corporation and Indus Holding Company.

DESCRIPTION OF DEBT SECURITIES

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

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

Each trust indenture may provide that Debt Securities may be issued thereunder up to the aggregate principal amount which may be authorized from time to time by the Corporation. Any Prospectus Supplement for Debt Securities will contain the terms and other information with respect to the Debt Securities being offered, including (i) the designation, aggregate principal amount and authorized denominations of such Debt Securities, (ii) the currency for which the Debt Securities may be purchased and the currency in which the principal and any interest is payable (in either case, if other than Canadian dollars), (iii) the percentage of the principal amount at which such Debt Securities will be issued, (iv) the date or dates on which such Debt Securities will mature, (v) the rate or rates at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any), (vi) the dates on which any such interest will be payable and the record dates for such payments, (vii) any redemption term or terms under which such Debt Securities may be defeased, (viii) any exchange or conversion terms (including, as applicable, the terms in respect of any convertibility to Subordinate Voting Shares), and (ix) any other specific terms.

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

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

DESCRIPTION OF SUBSCRIPTION RECEIPTS

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

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

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

- the number of Subscription Receipts;
- the price at which the Subscription Receipts will be offered and whether the price is payable in installment;
- any conditions to the exchange of Subscription Receipts into Subordinate Voting Shares, and/or other Securities of the Corporation, as the case may be, and the consequences of such conditions not being satisfied;
- the procedures for the exchange of the Subscription Receipts into Subordinate Voting Shares and/or other Securities of the Corporation, as the case may be;
- the number of Subordinate Voting Shares and/or other Securities of the Corporation, as the case may be, that may be exchanged upon exercise of each Subscription Receipt;
- the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- the dates or periods during which the Subscription Receipts may be exchanged into Subordinate Voting Shares and/or other Securities of the Corporation;
- whether such Subscription Receipts will be listed on any securities exchange;
- any other rights, privileges, restrictions and conditions attaching to the Subscription Receipts; and
- any other specific terms.

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

DESCRIPTION OF WARRANTS

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

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

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

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

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

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

DESCRIPTION OF UNITS

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

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

PLAN OF DISTRIBUTION

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

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

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

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

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

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

The Securities have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any states in the United States and, subject to certain exceptions, may not be offered or sold or otherwise transferred or disposed of in the United States or to or for the account of U.S. Persons absent registration or pursuant to an applicable exemption from the U.S. Securities Act and applicable state securities laws.

USE OF PROCEEDS

Unless otherwise specified in a Prospectus Supplement, the net proceeds from the sale of Securities by the Corporation will be used for discretionary capital programs, potential future acquisitions, general corporate purposes and repayment of indebtedness outstanding from time to time. Each applicable Prospectus Supplement will contain specific information concerning the use of proceeds from that sale of Securities by the Corporation. The Corporation will not receive any proceeds from any sale of Securities by the selling securityholders. See "Risk Factors".

EARNINGS COVERAGE RATIO

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

CONSOLIDATED CAPITALIZATION

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

UNITED STATES REGULATORY ENVIRONMENT

The following is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where Indus is currently involved, directly or through its subsidiaries in the cannabis industry. Indus is directly engaged in the manufacture, extraction, cultivation, package, sale or distribution of cannabis in the adult-use and/or medical industries in the State of California. **The Corporation derives all of its revenues from the cannabis industry in the State of California, which industry is illegal under U.S. federal law. The Corporation's cannabis-related activities are compliant with applicable State and local law, and the related licensing framework. Nonetheless, such activities remain illegal under U.S. federal law. The enforcement of relevant laws is a significant risk.**

The Corporation evaluates, monitors and reassesses this disclosure, and any related risks, on an ongoing basis in accordance with Staff Notice 51-352, and the same will be supplemented and amended to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may have an impact on the Corporation's licenses, business activities or operations will be promptly disclosed by the Corporation. The Corporation (through its subsidiaries) is not currently subject to any non-compliance, citations or notices of violation which may have an impact on the Corporation's licences, business activities or operations.

The Corporation has obtained legal advice from U.S. legal counsel regarding compliance with applicable California regulatory frameworks and potential exposure and implications arising from U.S. federal law. The Corporation receives such advice on an ongoing basis but does not have a formal legal opinion on such matters.

The Corporation and its subsidiaries do not currently engage in online cannabis sales, other than a *de minimus* amount of CBD (as defined below) product under its Humble Flower brand. The Corporation does not currently anticipate that such sales volume will grow nor that it or its subsidiaries will otherwise increase their online sales of any products. Social media platforms are used for advertising the Corporation's products only and not for any sales.

Federal Regulatory Environment

The United States federal government regulates drugs through the CSA, which places controlled substances, including cannabis, in one of five different schedules. Marijuana, which is a form of cannabis, is classified as a Schedule I controlled substance. As a Schedule I controlled substance, the federal Drug Enforcement Agency ("**DEA**") considers marijuana to have a high potential for abuse; no currently accepted medical use in treatment in the United States; and

a lack of accepted safety for use of the drug under medical supervision[1]. The classification of marijuana as a Schedule I controlled substance is inconsistent with what the Corporation believes to be many valuable medical uses for marijuana accepted by physicians, researchers, patients, and others. As evidence of this, the U.S. FDA, on June 25, 2018, approved Epidiolex cannabidiol ("**CBD**") oral solution with an active ingredient derived from the cannabis plant for the treatment of seizures associated with Lennox-Gastaut syndrome, Dravet syndrome, or for Tuberous Sclerosis Complex in patients one year of age and older. This is the first U.S. FDA-approved drug that contains a purified drug substance derived from the cannabis plant. In this case, the substance is CBD, a chemical component of cannabis that does not contain the intoxication properties of THC, the primary psychoactive component of marijuana. The Corporation believes the CSA categorization as a Schedule I controlled substance is not reflective of the medicinal properties of marijuana or the public perception thereof, and numerous studies show cannabis is not able to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered[2].

The federal position is also not necessarily consistent with democratic approval of marijuana at the state government level in the United States. Unlike in Canada, which uniformly regulates the cultivation, distribution, sale and possession of marijuana at the federal level under the *Cannabis Act* (Canada), marijuana is largely regulated at the state level in the United States. State laws regulating cannabis conflict with the CSA, which makes cannabis use and possession federally illegal. Although certain states and territories of the United States authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of marijuana and any related drug paraphernalia is illegal. Although the Corporation's activities are compliant with applicable state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve the Corporation of liability under United States federal law nor provide a defense to federal criminal charges that may be brought against the Corporation. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and state law, federal law shall apply.

Nonetheless, 37 states in the United States, the District of Columbia and four US Territories have legalized some form cannabis for medical use, while 15 states and the District of Columbia have legalized the adult use of cannabis for recreational purposes. This includes the four states that authorized adult-use cannabis and the two states that authorized medical cannabis during the November 2020 election. In 2013, as more and more states legalized medical and/or adult-use marijuana, the federal government attempted to provide clarity on the incongruity between federal law and these state-legal regulatory frameworks. Notwithstanding the foregoing, marijuana remains illegal under U.S. federal law, with marijuana listed as a Schedule I drug under the CSA. Until 2018, the federal government provided guidance to federal agencies and banking institutions through a series of DOJ memoranda. The most notable of this guidance came in the form of a memorandum issued by former Deputy Attorney General James Cole on August 29, 2013 (the "**Cole Memorandum**")[3].

The Cole Memorandum offered guidance to federal agencies on how to prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states, and instructed federal law enforcement agencies not to prosecute violations of federal drug laws related to cannabis where the activity is permitted and regulated under cannabis laws of the relevant state. The Cole Memorandum put forth eight prosecution priorities:

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[1] 21 U.S.C. 812(b)(1).

[2] See Lachenmeier, DW & Rehm, J. (2015). Comparative risk assessment of alcohol, tobacco, cannabis and other illicit drugs using the margin of exposure approach. *Scientific Reports*, 5, 8126. doi: 10.1038/srep08126; Thomas, G & Davis, C. (2009). Cannabis, Tobacco and Alcohol Use in Canada: Comparing risks of harm and costs to society. *Visions Journal*, 5. Retrieved from http://www.heretohelp.bc.ca/sites/default/files/visions_cannabis.pdf; Jacobus et al. (2009). White matter integrity in adolescents with histories of marijuana use and binge drinking. *Neurotoxicology and Teratology*, 31, 349-355. https://doi.org/10.1016/j.ntt.2009.07.006; Could smoking pot cut risk of head, neck cancer? (2009 August 25). Retrieved from https://www.reuters.com/article/us-smoking-pot/could-smoking-pot-cut-risk-of-head-neck-cancer-idUSTRE57O5DC20090825; Watson, SJ, Benson JA Jr. & Joy, JE. (2000). Marijuana and medicine: assessing the science base: a summary of the 1999 Institute of Medicine report. Arch Gen Psychiatry Review, 57, 547-552. Retrieved from https://www.ncbi.nlm.nih.gov/pubmed/10839332; Hoaken, Peter N.S. & Stewart, Sherry H. (2003). Drugs of abuse and the elicitation of human aggressive behavior. *Addictive Behaviours*, 28, 1533-1554. Retrieved from http://www.ukcia.org/research/AgressiveBehavior.pdf; and Fals-Steward, W., Golden, J. & Schumacher, JA. (2003). Intimate partner violence and substance use: a longitudinal day-to-day examination. *Addictive Behaviors*, 28, 1555-1574. Retrieved from https://www.ncbi.nlm.nih.gov/pubmed/14656545.

[3] *See* James M. Cole, *Memorandum for All United States Attorneys* (Aug. 29, 2013), *available at* https://www.justice.gov/iso/opa/resources/305201382913275685746 7.pdf

1. Preventing the distribution of marijuana to minors;

2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;

3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;

4. Preventing the state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;

5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;

6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;

7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and

8. Preventing marijuana possession or use on federal property.

The Cole Memorandum was seen by many state-legal marijuana companies as a safe harbor – albeit an imperfect one – for their licensed operations that were conducted in full compliance with all applicable state and local regulations.

On January 4, 2018, former United States Attorney General Jeff Sessions rescinded the Cole Memorandum by issuing a new memorandum to all United States Attorneys (the "**Sessions Memorandum**"). Rather than establishing national enforcement priorities particular to marijuana-related crimes in jurisdictions where certain marijuana activity was legal under state law, the Sessions Memorandum rescinded the Cole Memorandum and instructed that "[i]n deciding which marijuana activities to prosecute... with the [DOJ's] finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions." Namely, these include the seriousness of the offense, history of criminal activity, deterrent effect of prosecution, the interests of victims, and other principles.

Attorney General William Barr, who succeed Attorney General Sessions, has not provided a clear policy directive for the United States as it pertains to state-legal cannabis activities. However, in a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated, "I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum."[4] Nonetheless, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law. Currently, in the absence of uniform federal guidance, as had been established by the Cole Memorandum, enforcement priorities are determined by respective United States Attorneys.

In California, the Southern District of California U.S. Attorney Adam Braverman, who no longer holds this position, made comments indicating a desire to enforce the CSA, stating that the Sessions Memorandum and the rescission of the Cole Memorandum "returns trust and local control to federal prosecutors" to enforce the CSA. In 2018, the Eastern District of California U.S. Attorney McGregor Scott stated that federal authorities are concentrating on hazardous illegal grows on public land instead of targeting California's legal recreational marijuana industry. This statement is reinforced by the fact that in 2020, subpoenas were issued by the Eastern District of California in connection with federal investigations into cannabis operations that were not being operated legally under California law. To the Corporation's knowledge, other than as disclosed in this Prospectus, there have not been any additional statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in California.

The Corporation does not believe that it is able to determine if any prosecutorial effects will be undertaken by the rescission of the Cole Memorandum, or if Attorney General Barr or any subsequent United States Attorney General

[4] *Questions for the Record William P. Barr Nominee to be United States Attorney General, available at* https://www.judiciary.senate.gov/imo/media/doc/Barr%20Responses%20to%20Booker%20QFRs1.pdf.

will reinstitute the Cole Memorandum or a similar guidance document for United States attorneys. The sheer size of the cannabis industry, in addition to participation by state and local governments and investors, suggests that a largescale enforcement operation would possibly create unwanted political backlash for the DOJ and the Trump and any future administration.

As an industry best practice, despite the recent rescission of the Cole Memorandum, the Corporation abides by the following standard operating policies and procedures to ensure compliance with the guidance provided by the Cole Memorandum:

1. ensure that its operations are compliant with all licensing requirements as established by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;

2. ensure that its cannabis related activities adhere to the scope of the licensing obtained (for example: in the state where cannabis is permitted only for adult-use, the products are only sold to individuals who meet the requisite age requirements);

3. implement policies and procedures to ensure that cannabis products are not distributed to minors;

4. implement policies and procedures to ensure that funds are not distributed to criminal enterprises, gangs or cartels;

5. implement an inventory tracking system and necessary procedures to ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products into those state where cannabis is not permitted by state law, or across any state lines in general;

6. ensure that its state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, is engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes; and

7. ensure that its products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In addition, the Corporation conducts background checks to ensure that the principals and management of its operating subsidiaries are of good character, have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or the use of firearms in the cultivation, manufacturing or distribution of cannabis. The Corporation will also conduct ongoing reviews of the activities of its cannabis businesses, the premises on which they operate and the policies and procedures that are related to the possession of cannabis or cannabis products outside of the licensed premises, including the cases where such possession is permitted by regulation. See “Risk Factors”.

Although the Cole Memorandum has been rescinded, one legislative safeguard for the medical marijuana industry remains in place: Congress has passed a so-called “rider” provision in the FY 2015, 2016, 2017, 2018, 2019 and 2020 Consolidated Appropriations Acts to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against state regulated medical marijuana actors operating in compliance with state and local law. The rider is known as the “Rohrabacher-Farr” Amendment after its original lead sponsors (it is also sometimes referred to as the “Rohrabacher- Blumenauer” or “Joyce-Leahy” Amendment, but it is referred to in this Prospectus as the “**Rohrabacher-Farr Amendment**”). In signing the 2019 Consolidated Appropriations Act, President Trump issued a signing statement noting that the Act “provides that the DOJ may not use any funds to prevent implementation of medical marijuana laws by various states and territories,” and further stating “[he] will treat this provision consistent with the President's constitutional responsibility to faithfully execute the laws of the United States.” While the signing statement can fairly be read to mean that the executive branch intends to enforce the CSA and other federal laws prohibiting the sale and possession of medical marijuana, the President did issue a similar signing statement in 2017 and no major federal enforcement actions followed. On September 27, 2019 the Rohrabacher-Farr Amendment was temporarily renewed through a stopgap spending bill and was similarly renewed again on November 21, 2019. The FY 2020 omnibus spending bill was ultimately passed on December 20, 2019, making the Rohrabacher-Farr Amendment effective through September 30, 2020. In signing the spending bill, President Trump again released a statement similar to the ones he made May 2017 and February 2019 regarding the Rohrabacher-Farr Amendment. On October 1, 2020, the Rohrabacher-Farr Amendment was temporarily renewed

through the signing of a stopgap spending bill, effective through December 11, 2020; however, it is uncertain whether the United States Congress will extend the Rohrabacher-Farr Amendment beyond September 30, 2020. Notably, the Rohrabacher-Farr Amendment has applied only to medical marijuana programs and has not provided the same protections to enforcement against adult-use cannabis activities.

There is a growing consensus among marijuana businesses and numerous congressmen and congresswomen that guidance is not law and temporary legislative riders, such as the Rohrabacher-Farr Amendment, are an inappropriate way to protect lawful medical marijuana businesses. Given current political trends, the Corporation considers recent efforts at comprehensive reform unlikely in the near-term. For the time being, marijuana remains a Schedule I controlled substance at the federal level, and neither the Cole Memorandum nor its rescission nor the continued passage of the Rohrabacher-Farr Amendment has altered that fact. The federal government of the United States has always reserved the right to enforce federal law regarding the sale and disbursement of medical or adult-use marijuana, even if state law sanctions such sale and disbursement. If the United States federal government begins to enforce United States federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Corporation's business, results of operations, financial condition and prospects could be materially adversely affected.

Additionally, under United States federal law, it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of any Schedule I controlled substance. Banks and other financial institutions could potentially be prosecuted and convicted of money laundering under the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the "**Bank Secrecy Act**") for providing services to cannabis businesses. Therefore, under the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be charged with money laundering or conspiracy. See "Risk Factors – Risks Related to the Business of the Corporation – Anti-Money Laundering Laws and Regulations".

On September 26, 2019, the U.S. House of Representatives passed the Secure and Fair Enforcement Banking Act of 2019 (commonly known as the "**SAFE Banking Act**"), which aims to provide safe harbor and guidance to financial institutions that work with legal U.S. cannabis businesses. However, the U.S. Senate would not advance the bill, the passage of which would permit commercial banks to offer services to cannabis companies that are in compliance with state law. If Congress fails to pass the SAFE Banking Act, the Corporation's inability, or limitations on the Corporation's ability, to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Corporation to operate and conduct its business as planned or to operate efficiently. See "Risk Factors – Risks Related to the Business of the Corporation – Restricted Access to Banking".

While there has been no change in U.S. federal banking laws to accommodate businesses in the large and increasing number of U.S. states that have legalized medical and/or adult-use marijuana, in 2014, the Department of the Treasury Financial Crimes Enforcement Network ("**FinCEN**") issued guidance to prosecutors of money laundering and other financial crimes (the "**FinCEN Guidance**") and notified banks that it would not seek enforcement of money laundering laws against banks that service cannabis companies operating under state law, provided that strict due diligence and reporting standards are met. The FinCEN Guidance advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses so long as that marijuana-related business' activities are legal in their state and none of the federal enforcement priorities referenced in the Cole Memorandum are being violated (such as keeping marijuana out of the hands of organized crime). The FinCEN Guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps typically include:

1. Verifying with the appropriate state authorities whether the business is duly licensed and registered;

2. Reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;

3. Requesting from state licensing and enforcement authorities available information about the business and related parties;

4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult-use customers);

5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties;

6. Ongoing monitoring for suspicious activity, including for any of the red flags described in the FinCEN Guidance; and

7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

While the FinCEN Guidance decreased some risk for banks and financial institutions considering servicing the cannabis industry, in practice it has not increased banks' willingness to provide services to marijuana-related businesses, and most banks continue to decline to operate under the strict requirements provided under the FinCEN Guidance. This is because the current U.S. federal law does not guarantee banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each marijuana-related business they accept as a customer.

Those state-chartered banks and/or credit unions that have agreed to work with marijuana businesses are typically limiting those accounts to small percentages of their total deposits to avoid creating a liquidity risk. Since, theoretically, the federal government could change the banking laws as it relates to marijuana-related businesses at any time and without notice, these banks and credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from marijuana-related businesses in a single day, while also keeping sufficient liquid capital on hand to service their other customers. Those state-chartered banks and credit unions that do have customers in the marijuana industry can charge marijuana businesses high fees to cover the added cost of ensuring compliance with the FinCEN Guidance. Unlike the Cole Memorandum, however, the FinCEN Guidance has not been rescinded.

The current Secretary of the U.S. Department of the Treasury, Stephen Mnuchin, has publicly stated that the Department was not informed of any plans to rescind the Cole Memorandum and that he does not have a desire to rescind the FinCEN Guidance.[5] As an industry best practice and consistent with its standard operating procedures, the Corporation adheres to all customer due diligence steps in the FinCEN Guidance. However, in the event that any of the Corporation's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of anti-money laundering legislation or otherwise, such transactions could 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 Corporation to declare or pay dividends or effect other distributions. See "Risk Factors".

In both Canada and the United States, transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes could help to reduce or eliminate these challenges for companies in the cannabis space and would improve the efficiency of both significant and minor financial transactions.

An additional challenge for marijuana-related businesses is that the provisions of Internal Revenue Code Section 280E are being applied by the Internal Revenue Service (the "**IRS**") to businesses operating in the medical and adult-use marijuana industry. Section 280E prohibits marijuana businesses from deducting ordinary and necessary business expenses, forcing them to pay higher effective federal tax rates than similar companies in other industries. The

[5] Angell, Tom. (2018 February 6). Trump Treasury Secretary Wants Marijuana Money In Banks, *available at* https://www.forbes.com/sites/tomangell/2018/02/06/trump-treasury-secretary-wants-marijuana-money-in-banks/#2848046a3a53;
s*ee also* Mnuchin: Treasury is reviewing cannabis policies. (2018 February 7), *available at* http://www.scotsmanguide.com/News/2018/02/Mnuchin--Treasury-is-reviewing-cannabis-policies/.

effective tax rate on a marijuana business depends on how large its ratio of non-deductible expenses is to its total revenues. Therefore, businesses in the legal cannabis industry may be less profitable than they would otherwise be. Furthermore, although the IRS issued a clarification allowing the deduction of cost of goods sold, 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. See "Risk Factors".

CBD is a product that often is derived from hemp, which can contain, at most, only trace amounts of THC. On December 20, 2018, President Trump signed the Agriculture Improvement Act of 2018 (popularly known as the "**2018 Farm Bill**") into law[6]. Until the 2018 Farm Bill became law, hemp and products derived from it, such as CBD, fell within the definition of "marijuana" under the CSA and the DEA classified hemp as a Schedule I controlled substance because hemp is part of the cannabis plant[7].

The 2018 Farm Bill defines hemp as the plant Cannabis sativa L. and any part of the plant with a delta-9 THC concentration of not more than 0.3 percent by dry weight and removes hemp from the CSA. The 2018 Farm Bill requires the U.S. Department of Agriculture ("**USDA**") to among other things: (1) evaluate and approve regulatory plans approved by individual states for the cultivation and production of industrial hemp and hemp-derived products, and (2) promulgate regulations and guidelines to establish and administer a program for the cultivation and production of hemp. Hemp and products derived from it, such as CBD, may then be sold into commerce and transported across state lines provided that the hemp from which any product is derived was cultivated under a license issued by an authorized state program approved by the USDA and otherwise meets the definition of hemp. The 2018 Farm Bill also explicitly preserved the authority of the U.S. FDA to regulate hemp-derived products under the U.S. Food, Drug and Cosmetic Act. The Corporation expects that the U.S. FDA will promulgate its own rules for the regulation of hemp-derived products in the coming year. Notwithstanding the pending U.S. FDA rules, on October 29, 2019, the USDA published its proposed rules for the regulation of hemp, as discussed above ("**USDA Rule**"). The USDA Rule will go into effect immediately upon the conclusion of the public comment period and publication in the federal register by the USDA. The USDA Rule, among other things, sets minimum standards for the cultivation and production of hemp, as well as requirements for laboratory testing of hemp.The Corporation uses reasonable commercial efforts to ensure that its business is in material compliance with applicable state laws and licensing requirements through the Corporation's compliance department and legal counsel.

State of California Regulatory Environment

The following section describes the legal and regulatory landscape in the State of California, being the only U.S. state that the Corporation currently operates. **Nonetheless, for the reasons described above and the risks further described under "Risk Factors" herein and in the AIF, there are significant risks associated with the businesses of the Corporation. Readers are strongly encouraged to carefully read all of the risk factors contained herein, in the AIF and other documents incorporated or deemed to be incorporated by reference herein, the applicable Prospectus Supplement and the documents incorporated or deemed to be incorporated by reference therein.**

In 1996, California was the first state to legalize medical marijuana through Proposition 215, the Compassionate Use Act of 1996 ("**CUA**"). This legalized the use, possession and cultivation of medical marijuana by patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief.

In 2003, Senate Bill 420 was signed into law establishing an optional identification card system for medical marijuana patients.

In September 2015, the California legislature passed three bills collectively known as the "Medical Cannabis Regulation and Safety Act" ("**MCRSA**"). The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However, in November 2016, voters in

[6] H.R.2 - 115th Congress (2017-2018): Agriculture Improvement Act of 2018, Congress.gov (2018), https://www.congress.gov/bill/115th-congress/house-bill/2/text.
[7] *See, e.g.*, 21 C.F.R. § 1308.35.

California overwhelmingly passed Proposition 64, the "Adult Use of Marijuana Act" ("**AUMA**") creating an adult-use marijuana program for adult-use 21 years of age or older. AUMA had some conflicting provisions with MCRSA, so in June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act ("**MAUCRSA**"), which amalgamated MCRSA and AUMA to provide a set of regulations to govern medical and adult use licensing regime for cannabis businesses in the State of California.

Pursuant to MAUCRSA: (i) CalCannabis, a division of the California Department of Food and Agriculture ("**CDFA**"), issues licenses to cannabis cultivators; (ii) the Manufactured Cannabis Safety Branch, a division of the California Department of Public Health ("**CDPH**"), issues licenses to cannabis manufacturers; and (iii) the California Department of Consumer Affairs, via its agency the Bureau of Cannabis Control ("**BCC**"), issues licenses to cannabis distributors, testing laboratories, retailers, and micro-businesses. These agencies also oversee the various aspects of implementing and maintaining California's cannabis landscape, including the statewide track and trace system. All three agencies released their emergency rulemakings at the end of 2017 and updated them with revisions in June 2018. The three agencies released their permanent rulemakings on January 16, 2019 which are now in effect. All three agencies began issuing temporary licenses in January 2018 and are currently evaluating annual license applications. The issuance of temporary licenses ended on December 31, 2018, though previously-issued temporary licenses remained valid until their expiration dates.

In order to legally operate a medical or adult-use cannabis business in California, the operator must have both local authorization and a state license. This requires license holders to operate in jurisdictions with marijuana licensing programs. Therefore, cities and counties in California ("**Local Jurisdictions**") are allowed to determine the number of licenses they will issue to marijuana operators, or Local Jurisdictions can choose to outright ban marijuana in such Local Jurisdictions. California has not set a limit on the number of state licenses an entity may hold, unlike other states that have restricted how many cannabis licenses an entity may hold in total or for various types of cannabis activity. Although vertical integration across multiple license types is allowed under MAUCRSA, testing laboratory licensees may not hold any other licenses aside from a laboratory license. There are also no residency requirements for ownership under MAUCRSA. Indus conducts business only in Californian cities with other state cannabis licensees.

California Licenses

Indus and its subsidiaries are licensed to operate Medical and Adult-Use Manufacturing, Nursery, Cultivation and Distribution facilities under applicable California and local jurisdictional law. Indus' licenses permit it to possess, cultivate, process, dispense and wholesale medical and adult-use cannabis in the State of California pursuant to the terms of the various licenses issued by the BCC, the CDPH and the CDFA under the provision of the MAUCRSA and California Assembly Bill No. 133. The licenses are independently issued for each approved activity for use at the Indus facilities in California. Please see the table below for a list of Indus' licenses in respect of its operations in California.

The following licenses are held by Cypress Manufacturing Company:

Agency	**License**	**City/County**	**Type of License**
CDFA	CCL18-0003496	Monterey County	Nursery
CDFA	CCL18-0003514	Monterey County	Processor
CDFA	CCL18-0003504 – CCL 18-0003513	Monterey County	Cultivation: Small Mixed-Light Tier 1
CDFA	CCL18-0001803 – CCL 18-0001804	Monterey County	Cultivation: Small Mixed-Light Tier 2
CDFA	CCL18-0003497 – CCL 18-0003503	Monterey County	Cultivation: Small Mixed-Light Tier 2
BCC	C11 0000816 LIC	Salinas	Distributor Provisional (Salinas)
BCC	C11 0000685	Los Angeles	Distributor Provisional (Los Angeles)
CDPH	CDPH-10002196	Salinas	Manufacturing Type 7: Volatile Extraction

CDPH	CDPH-T00002047	Salinas	Manufacturing Type N: Infusion

California state and local licenses are renewed annually. Each year, licensees are required to submit a renewal application per guidelines published by the BCC. While renewals are annual, there is no limit on the number of permitted annual renewals. In respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Indus would expect to receive the applicable renewed license in the ordinary course of business. While Indus' compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that Indus' licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of Indus and have a material adverse effect on Indus' business, financial condition, results of operations or prospects.

California License and Regulations

The Adult-Use and Medicinal Cultivation licenses that have been granted to Indus permit cannabis cultivation activity, which means any activity involving the planting, growing, harvesting, drying, curing, grading or trimming of cannabis. Such licenses further permit the production of a limited number of non-manufactured cannabis products and the sales of cannabis to certain licensed entities within the State of California for resale or manufacturing purposes.

Indus' Adult-Use and Medicinal Manufacturing licenses permit Indus to extract concentrated cannabis, THC, CBD and other cannabis extracts from cannabis plants, then convert them to cannabis concentrates, edibles, balms, beverages, vapes and a variety of other consumer goods. Indus also packages and labels these goods, including processed flower (the smokable part of the cannabis plant) for wholesale delivery.

The Adult-Use and Medicinal Distribution licenses permit Indus to complete cannabis related distribution activity which means the procurement, sale, and transportation of cannabis and cannabis products between licensed entities. Distribution activity is permissible to and from certain Indus and non-Indus licensees.

In the State of California, only cannabis that is grown in California can be sold in the state. Although California is not a vertically integrated system, Indus is vertically integrated and has the capabilities to cultivate, harvest, manufacture and wholesale cannabis and cannabis products to licensed retail dispensaries. Under manufacturing, distribution and cultivation licenses, the State of California also allows Indus to make a wholesale purchase of cannabis from, or a distribution of cannabis and cannabis product to, another licensed entity within the state.

California – Local Licensure, Zoning and Land Use Requirements

To obtain a state license, cannabis operators must first obtain local authorization, which is a prerequisite to obtaining state licensure. All three state regulatory agencies require confirmation from the applicable locality that an applicant is in compliance with local requirements and has either been granted authorization to, upon state licensure, continue previous cannabis activities or commence cannabis operations. One of the basic aspects of obtaining local authorization is compliance with all local zoning and land use requirements. Local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. Some localities have limited the number of authorizations an entity may hold in total or for various types of cannabis activity. Others have tiered the authorization process, granting the initial rounds of local authorization to applicants that previously conducted cannabis activity pursuant to the CUA or those that meet the locality's definition of social equity.

California – Record-Keeping and Continuous Reporting Requirements

California's state license application process additionally requires comprehensive criminal history, regulatory history and personal disclosures for all beneficial owners. Any criminal convictions or civil penalties or judgments occurring after licensure must promptly be reported to the regulatory agency from which the licensee holds a license. Disclosure requirements for local authorization may vary, but generally tend to mirror the state's requirements.

Licensees must also keep detailed records pertaining to various aspects of the business for up to seven years. Such records must be easily accessible by the regulatory agency from which the licensee holds a license. Additionally, licensees must record all business transactions, which must be uploaded to the statewide traceability system. As of the

date of this Prospectus, Indus is in compliance in all material respects with these record-keeping and disclosure requirements.

Storage and Security

To ensure the safety and security of cannabis business premises and to maintain adequate controls against the diversion, theft, and loss of cannabis or cannabis products, Indus is required to do the following:

- maintain fully operational security alarm systems;
- contract for state-certified security guard services;
- maintain video surveillance systems that records continuously 24 hours a day and maintains those recordings for at least 90 days;
- ensure that the facility's outdoor premises have sufficient lighting;
- store cannabis and cannabis product only in areas per the premises diagram submitted to the State of California during the licensing process;
- store all cannabis and cannabis products in a secured, locked room or a vault;
- report to local law enforcement within 24 hours after being notified or becoming aware of the theft, diversion, or loss of cannabis; and
- ensure the safe transport of cannabis and cannabis products between licensed facilities, maintain a delivery manifest in any vehicle transporting cannabis and cannabis products. Only vehicles registered with the BCC, that meet BCC distribution requirements, are to be used to transport cannabis and cannabis products.

California – Operating Procedure Requirements

License applicants must submit standard operating procedures describing how the operator will, among other requirements, secure the facility, manage inventory, comply with the state's seed-to-sale tracking requirements, dispense cannabis, and handle waste, as applicable to the license sought. Once the standard operating procedures are determined compliant and approved by the applicable state regulatory agency, the licensee is required to abide by the processes described and seek regulatory agency approval before any changes to such procedures may be made. Licensees are additionally required to train their employees on compliant operations and are only permitted to transact with other legal and licensed businesses.

Indus complies with these operational and training requirements by systematically training employees in various aspects of regulatory requirements, ensuring that operational and business practices are aligned with regulatory requirements, and by conducting internal audits to ensure compliance and identify areas for further training.

California – Site-Visits & Inspections

As a condition of state licensure, operators must consent to random and unannounced inspections of the commercial cannabis facility as well as the facility's books and records to monitor and enforce compliance with state law. Many localities have also enacted similar standards for inspections, and the State of California has already commenced site-visits and compliance inspections for operators who have received state temporary or annual licensure. Cultivators may be inspected by the California Department of Fish and Wildlife, the California Regional Water Quality Control Boards, and the CDFA. Manufacturers are subject to inspection by the CDPH, and retailers, distributors, testing laboratories, and delivery services are subject to inspection by the BCC. Inspections can result in notices to correct, or notices of violation, fines, or other disciplinary action by the inspecting agency.

California – Compliance Procedures

The Corporation's cannabis-related activities are compliant with applicable state law and regulatory frameworks. Additionally, the Corporation maintains the appropriate licenses for its cannabis-related activities, being the manufacture, extraction, cultivation, package, sale and distribution of cannabis in the adult-use and/or medical industries in the State of California. The Corporation uses reasonable commercial efforts to ensure that its business is in compliance with applicable state laws and regulatory frameworks and licensing requirements through the Corporation's compliance department and legal counsel. The Corporation has developed a robust compliance program in an effort to ensure that operational and regulatory requirements continue to be satisfied, and has retained outside counsel to monitor its compliance with U.S. state law on an ongoing basis. Indus will continue to work closely with its legal counsel to maintain its internal compliance program and will defer to their legal advice and risk mitigation

guidance regarding California's complex regulatory framework. The internal compliance program requires continued monitoring by managers and executives of Indus in an effort to ensure all operations conform to and comply with required laws, regulations and legally compliant standard operating procedures.

Indus utilizes MAX ERP, an integrated enterprise compliance platform, which integrates Indus' inventory management program and standard operating procedures with the software's compliance and quality features to facilitate compliance with state and local requirements. MAX ERP features include a compliance software solution that offers lot and batch control, recall management, document control and quality analysis. Additionally, Indus utilizes standard operating procedure building tools to facilitate the implementation and maintenance of compliant operations and tracks all required licensing maintenance criteria.

The Chief Compliance Officer of the Corporation (the "**Chief Compliance Officer**") monitors and reviews the Corporation's business practices and changes to U.S. federal enforcement priorities and works with external legal counsel to ensure that the Corporation is in on-going compliance with applicable state law. These advisors have provided legal advice to the Corporation regarding (i) compliance with applicable state regulatory frameworks, and (ii) potential exposure and implications arising from U.S. federal law. The Corporation also endeavors to ensure it is in compliance with applicable licensing requirements and the regulatory framework enacted in states where it conducts business by continuous review of its licenses. Indus systematically trains employees in various aspects of regulatory requirements, ensuring that operational and business practices are aligned with regulatory requirements, and conducts internal audits as to compliance and to identify areas for further training. The Corporation oversees training for all employees, including on the following topics:

- compliance with state and local laws
- security and safety policies and procedures
- inventory control
- quality control
- transportation procedures

The Corporation's training program emphasizes security and inventory control to ensure strict monitoring of raw materials and inventory. The Corporation maintains records of its inventory at all of its facilities and its standard operating procedures include detailed descriptions and instructions for inventory tracking, recordkeeping and record retention practices related to inventory, as well as procedures for performing inventory reconciliation and ensuring the accuracy of inventory tracking and recordkeeping. Only authorized, properly trained employees are allowed to access the Corporation's computerized seed-to-sale system. The Chief Compliance Officer monitors all security risks, both internal and external, to ensure employee safety and oversees all security personnel at the Corporation's facilities. The Corporation monitors all compliance notifications from the regulators and inspectors, in an effort to resolve any issues identified on a timely basis. The Corporation keeps records of all compliance notifications received from regulators or inspectors and how and when the issue was resolved. Adherence to the Corporation's standard operating procedures is mandatory in an effort to ensure that the Corporation's operations are compliant with the rules set forth by the applicable state and local laws, regulations, licenses and other requirements. The Corporation endeavors to ensure adherence to standard operating procedures by regularly conducting internal inspections and is committed to ensuring any issues identified are resolved quickly and thoroughly. Additionally, as described above, in order to comply with industry best practices, despite the rescission of the Cole Memorandum, the Corporation continues to abide by certain operating policies and procedures described above in an effort to ensure compliance with the guidance provided by the Cole Memorandum.

Ability to Access Capital

The Corporation has historically had access to equity and debt financing from the private markets in Canada and private markets in the United States and internationally and, subject to market conditions, may access the public markets in Canada and the United States in the future. While the Corporation is not able to obtain bank financing in the United States or financing from other U.S. federally regulated entities, subject to market conditions, it has the ability to access such equity and debt financing in Canada, the United States and internationally, both on a brokered and non-brokered basis.

The Corporation's executive team and Board have extensive relationships with sources of private capital (such as funds, high net worth individuals and family offices), which has facilitated its ability to complete non-brokered financing transactions. There are increasing numbers of high net worth individuals, family offices, private equity and

venture capital firms and other funds that have made meaningful investments in cannabis companies, including those with U.S. operations. Although there has been an increase in the amount of private financing available to cannabis companies over the last several years, there can be no assurance that additional financing will be available to the Corporation when needed or on terms which are acceptable.

The Corporation's inability to raise financing to fund operating or capital expenditures or acquisitions could limit its ability to operate or its growth and may have a material adverse effect upon the Corporation's business, financial condition, results of operations or prospects.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

RISK FACTORS

Before making an investment decision, prospective purchasers of Securities should carefully consider the information and risk factors described in this Prospectus and the documents incorporated by reference herein (including subsequently filed documents incorporated by reference herein), including the applicable Prospectus Supplement. Additional risk factors relating to a specific offering of Securities may be described in the applicable Prospectus Supplement. Some of the risk factors described herein and in the documents incorporated by reference herein (including subsequently filed documents incorporated by reference herein), including the applicable Prospectus Supplement are interrelated and, consequently, investors should treat such risk factors as a whole. If any event arising from these risks occurs, the Corporation's business, prospects, financial condition, results of operations and cash flows, and an investment in the Securities, could be materially adversely affected. Additional risks and uncertainties of which the Corporation is currently unaware or that are unknown or that the Corporation currently deems to be immaterial could have a material adverse effect on the Corporation's business, prospects, financial condition, results of operations and cash flows. The Corporation cannot provide any assurances that it will successfully address any or all of these risks.

Risks Related to the Business of the Corporation

Cannabis Continues to be a Controlled Substance under the CSA

The Corporation is engaged directly in the medical and adult-use cannabis industry in the U.S. where local and state laws permit such activities. Investors are cautioned that in the U.S. cannabis is largely regulated at the state level. To the knowledge of the Corporation, 37 states, the District of Columbia and four US Territories have legalized medical cannabis in some form. Of these states, 15 states, including California, have legalized cannabis for adult use. All cannabis initiatives on statewide ballots during the November 2020 election passed. The 2020 election has resulted in four new states that have legalized adult-use cannabis and an additional two states to have legalized cannabis for medicinal purposes. Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a Schedule I controlled substance under the CSA and as such, the cultivation, manufacture, distribution, sale and possession of cannabis violates federal law in the U.S. Although the Corporation believes its business is compliant with applicable U.S. state and local law, strict compliance with state and local laws with respect to cannabis may not absolve the Corporation of liability under U.S. federal law, nor may it provide a defense to any federal proceeding which be brought against the Corporation. Any such proceedings brought against the Corporation may result in a material adverse effect on the Corporation.

Since the cultivation, manufacture, distribution, sale and possession of cannabis is illegal under U.S. federal law, the Corporation may be deemed to be aiding and abetting illegal activities. Under these circumstances, the U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis, may seek to bring an action or actions against the Corporation, including, but not limited to, a claim regarding the possession and sale of cannabis, and/or aiding and abetting another's criminal activities. The U.S. federal law provides that anyone who "commits an offense or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result, the DOJ could allege that Indus has "aided and abetted" violations of federal law by providing financing and services to its subsidiaries. Under these circumstances, a federal prosecutor could seek to seize the assets of the Corporation, and to recover any "illicit profits" previously distributed as of such time to shareholders resulting from any of the

foregoing. In these circumstances, the Corporation's operations would cease, shareholders could lose their entire investment and directors, officers and/or shareholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison. Such an action would result in a material adverse effect on the Corporation. See "Risk Factors – Risks Related to the Business of the Corporation – Enforcement of U.S. Federal Law and any Other Relevant Law is a Significant Risk" and "Risk Factors – Risks Related to the Business of the Corporation – Federal and State Forfeiture Laws".

CBP enforces the laws of the United States. Crossing the border while in violation of the CSA and other related federal laws may result in denied admission, seizures, fines and apprehension. CBP officers administer the Immigration and Nationality Act to determine the admissibility of travelers, who are non-U.S. citizens, into the United States. An investment in the Corporation, if it became known to CBP, could have an impact on a shareholder's admissibility into the United States and could lead to a lifetime ban on admission. See "Risk Factors – Risks Related to the Business of the Corporation – Risks Associated with Travelling Across Borders".

The Corporation derives all of its revenues from the cannabis industry in the State of California, which industry is illegal under U.S. federal law. Even though the Corporation's cannabis-related activities are compliant with applicable state and local law, such activities remain illegal under U.S. federal law. **The enforcement of relevant laws is a significant risk.**

Enforcement of U.S. Federal Law and any Other Relevant Law is a Significant Risk

Since 2014, the United States Congress has passed appropriations bills that have included the Rohrabacher-Farr Amendment. For now, the Rohrabacher-Farr Amendment, as discussed above, is the only statutory restraint on enforcement of federal cannabis laws. Courts in the U.S. have construed these appropriations bills to prevent the federal government from prosecuting individuals or businesses when those individuals or businesses operate in strict compliance with state and local medical cannabis regulations; however, this legislation only covers medical cannabis, not adult-use cannabis, and has historically been passed as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term. On December 20, 2019, the amendment was renewed by the signing of the Fiscal Year 2020 omnibus spending bill, effective through September 30, 2020. On October 1, 2020, the Rohrabacher-Farr Amendment was renewed through the signing of a stopgap spending bill, effective through December 11, 2020.

As of the date of this Prospectus, the Rohrabacher-Farr Amendment may or may not be included in the next omnibus appropriations package or a continuing budget resolution, and its inclusion or non-inclusion, as applicable, is subject to political changes. Because this conduct continues to violate federal law, U.S. courts have observed that should the U.S. 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 and if the U.S. Congress restores such funding, the U.S. federal government will have the authority to prosecute individuals and businesses for violations of the law while it lacked funding, to the extent of the CSA's five-year statute of limitations applicable to non-capital CSA violations. The Corporation may be irreparably harmed by any change in enforcement policies by the federal or applicable state governments, which could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition as well as the Corporation's reputation.

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

As a result of the conflicting views between states and the U.S. federal government regarding cannabis, investments in cannabis businesses in the U.S. are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in Cole Memorandum, acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several U.S. states had enacted laws relating to

cannabis for medical purposes. The Cole Memorandum outlined certain enforcement priorities for the DOJ 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, manufacturing, 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 DOJ did not provide specific guidelines for what regulatory and enforcement systems it deemed sufficient under the Cole Memorandum standard.

In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats. States where cannabis had been legalized were not characterized as a high priority. In March 2017, the then newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit; however, he disagreed that it had been implemented effectively. Accordingly, on January 4, 2018, Attorney General Sessions issued the Sessions Memorandum, which rescinded the Cole Memorandum on the basis that the direction provided therein was unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principals are included in chapter 9-27-000 of the United States Attorneys' Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution and the cumulative impact of particular crimes on the community. Due to the ambiguity of the Sessions Memorandum and the lack of clarity provided by the DOJ since then, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law.

The effect of the rescission of the Cole Memorandum remains to be seen. Currently, federal prosecutors are free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active U.S. federal prosecutors will be in relation to such activities. While some U.S. Attorneys expressed support for the rescission of the Cole Memorandum, numerous government officials, legislators and federal prosecutors in states with medical and adult-use cannabis statutes announced their intention to continue the Cole Memorandum-era status quo.

The impact that this lack of uniformity between state and federal authorities could have on individual state cannabis markets and the businesses that operate within them is unclear, and the enforcement of relevant federal laws is a significant risk. Potential federal prosecutions could involve significant restrictions being imposed upon the Corporation or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition, as well as the Corporation's reputation and prospects, even if such proceedings were concluded successfully in favor of the Corporation. Such proceedings could involve the prosecution of key executives of the Corporation or the seizure of corporate assets.

With a new administration at the federal level, it is possible that additional changes (whether positive or negative) could occur. There can be no assurance as to the position any new administration may take on marijuana and a new administration could decide to take a stronger approach to the enforcement of U.S. federal laws. Any enforcement of current U.S. federal laws could cause significant financial damage to the Corporation and its shareholders. Further, future presidential administrations may want to treat marijuana differently and potentially enforce the U.S. federal laws more aggressively.

Rohrabacher-Farr Amendment may not be Renewed

The Rohrabacher-Farr Amendment, as discussed above, prohibits the DOJ from spending funds appropriated by Congress to enforce the tenets of the CSA against the medical cannabis industry in states which have legalized such activity. Should the Rohrabacher-Farr Amendment language not be included in the final Fiscal Year 2021 appropriations package, there can be no assurance that the U.S. federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law. Such potential proceedings could involve significant restrictions being imposed upon the Corporation or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Corporation, even if such proceedings were concluded successfully in favour of the Corporation.

Federal and State Forfeiture Laws

As an entity that conducts business in the cannabis industry, the Corporation is subject to U. S. federal and state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative for the federal government or any state (or local police force) that wants to discourage residents from conducting transactions with cannabis related businesses but believes criminal liability is too difficult to prosecute. Also, an individual can be required to forfeit property considered to be the proceeds of a crime even if the individual is not convicted of the crime, and the standard of proof in a civil forfeiture matter is lower than the standard in a criminal matter. Shareholders of the Corporation located in jurisdictions where cannabis remains illegal may be at risk of prosecution under federal and/or state conspiracy, aiding and abetting, and money laundering statutes, and be at further risk of losing their investments or proceeds under forfeiture statutes. Many states remain fully able to take action to prevent the proceeds of cannabis businesses from entering their state. Because state legalization is relatively new, it remains to be seen whether these states would take such action and whether a court would approve it. Current and prospective securityholders of the Corporation or any entity related thereto should be aware of these potentially relevant U.S. federal and state laws in considering whether to remain invested or invest in the Corporation or any entity related thereto.

Restricted Access to Capital

Because the Corporation cultivates, processes, possesses, and distributes cannabis products in violation of the CSA, a significant proportion of providers of debt and equity capital are unwilling or unable to enter into financing transactions with the Corporation. As a result, the Corporation's access to capital is and may continue to be extremely limited, which inhibits the ability of the Corporation to fund operations and investments in growth initiatives. The Corporation's financial results, financial condition, business and prospects are and may continue to be materially adversely affected by its inability to access capital.

Anti-Money Laundering Laws and Regulations

The Corporation is subject to a variety of laws and regulations in Canada and in the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including 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 U.S. Anti-Money Laundering Laws, 18 U.S.C. §§ 1956, 1957, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations promulgated thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions often refuse to provide a checking account, debit or credit card, small business loan, or any banking services that could be found guilty of money-laundering, aiding and abetting or conspiracy to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions in the U.S. The lack of banking and financial services presents unique and significant challenges to businesses in the U.S. cannabis industry. While Indus has maintained bank accounts, the loss of such accounts and the potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented to U.S. cannabis companies, and which could conceivably impact the Corporation, by the unavailability of traditional banking and financial services.

Despite these laws, FinCEN issued the FinCEN Guidance in 2014, which as described above, outlines the pathways for financial institutions to bank state sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Guidance echoed the enforcement priorities of the Cole Memorandum. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("**SAR**") in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories - cannabis limited, cannabis priority, and cannabis terminated - based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively.

The FinCEN Guidance states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance included in the Cole Memorandum. The revocation of the Cole Memorandum has not yet affected the status of the FinCEN Guidance, nor has the United States Department of the Treasury given any indication

that it intends to rescind the FinCEN Guidance itself. Although the FinCEN Guidance remains intact, it is unclear whether the current administration or future administrations will continue to follow the guidelines of the FinCEN Guidance. The DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state including states that have in some form legalized the sale of cannabis. Further, the conduct of the DOJ's enforcement priorities could change for any number of reasons. A change in the DOJ's priorities could result in the DOJ's prosecuting banks and financial institutions for crimes that were not previously prosecuted.

In the event that any of the Corporation's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of a crime under one or more of the statutes noted above or any other applicable legislation. Apart from the consequences of any prosecution in connection with such violation, among other things, this could restrict or otherwise jeopardize the Corporation's ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Restricted Access to Banking

The FinCEN Guidance, as further described above, remains effective to this day, in spite of the fact that the Cole Memorandum was rescinded and replaced by the Sessions Memorandum. The FinCEN Guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators, though. Thus, most banks and other financial institutions in the U.S. do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the current or future federal administrations. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Corporation may have limited or no access to banking or other financial services in the U.S. The inability or limitation in the Corporation's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Corporation to operate and conduct its business as planned or to operate efficiently.

On September 26, 2019, the U.S. House of Representatives passed the SAFE Banking Act, which aims to provide safe harbor and guidance to financial institutions that work with legal U.S. cannabis businesses. However, the U.S. Senate would not advance the bill, the passage of which would permit commercial banks to offer services to cannabis companies that are in compliance with state law. If Congress fails to pass the SAFE Banking Act, the Corporation's inability, or limitations on the Corporation's ability, to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Corporation to operate and conduct its business as planned or to operate efficiently.

Heightened Scrutiny by Regulatory Authorities

The Corporation's business activities rely on newly established and/or developing laws and regulations in multiple jurisdictions, including California. These laws and regulations are rapidly evolving and subject to change, sometimes with minimal notice. Regulatory changes may adversely affect the Corporation's profitability or cause it to cease operations entirely. The Corporation's existing operations in the United States, and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and/or the United States. As a result, the Corporation may be subject to significant direct and indirect interaction with public officials. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law or otherwise be adopted, and there can be no assurance that heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Corporation's ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein. The Corporation's operations in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported by certain publications in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("**CDS**"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. CDS or its parent company has not issued any public statement with regard to these reports. On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, CDS signed the CDS Memorandum of Understanding ("**MOU**") with The Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX

Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules and procedures and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there currently is no CDS ban on the clearing of securities of issuers with cannabis -related activities in the United States. However, if CDS were to proceed in the manner suggested by these publications, and apply such a ban on the clearing of securities of the Corporation, it would have a material adverse effect on the ability of the Corporation's shareholders to effect trades of shares through the facilities of a stock exchange in Canada, as a result of which such shares could become highly illiquid.

Risks Associated with Travelling Across Borders

News media have reported that United States immigration authorities have increased scrutiny of Canadian citizens who are crossing the United States–Canada border with respect to persons involved in cannabis businesses in the United States. There have been a number of Canadians barred from entering the United States as a result of an investment in or act related to United States cannabis businesses. In some cases, entry has been barred for extended periods of time and lifetime bans have been granted.

The majority of persons travelling across the Canadian and U.S. border do so without incident. Some persons are simply denied entry one time. The U.S. Department of State and the Department of Homeland Security have indicated that the United States has not changed the admission requirements in response to the legalization of adult-use cannabis in Canada. Admissibility to the United States may be denied to any person working or "having involvement in" the marijuana industry according to CBP. Additionally, legal experts have indicated that if the admission criteria are applied broadly, this may result in a determination that the act of investing in or working or collaborating with a U.S. cannabis company is considered trafficking in a Schedule I controlled substance or aiding, abetting, assisting, conspiring or colluding in the trafficking of a Schedule I controlled substance. Inadmissibility in the United States implies a lifetime ban for entry as such designation is not lifted unless an individual applies for and obtains a waiver.

Directors, officers or employees of the Corporation traveling from Canada to the United States for the benefit of the Corporation may encounter enhanced scrutiny by United States immigration authorities that may result in the individual not being permitted to enter the United States for a specified period of time. If this happens to the Corporation's directors, officers or employees, then this may reduce the Corporation's ability to manage its business effectively in the United States.

Risk of Regulatory or Political Change

The success of the Corporation's business strategy depends on the legality of the cannabis industry in the states in which the Corporation operates, and the lack of U.S. federal enforcement of its laws that make cannabis businesses illegal. The political environment surrounding the cannabis industry in general can be volatile and the statutory and regulatory framework remains in flux. Despite widespread state legalization, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting the Corporation's business, results of operations, financial condition or prospects.

Delays in enactment of or changes in new state regulations, or changes in federal laws or enforcement priorities, could restrict the Corporation's ability to reach strategic growth targets and lower return on investor capital. The strategic growth strategy of the Corporation will be reliant upon state regulations being implemented to facilitate the operation of medical and adult-use cannabis in California. If such regulations are not timely implemented, or are subsequently repealed or amended, or contain prolonged or problematic phase-in or transition periods or provisions, the Corporation's ability to achieve its growth targets, and thus, the return on investor capital, could be adversely affected. The Corporation is unable to predict with certainty when and how the outcome of these complex regulatory and legislative proceedings will affect its business and growth.

Further, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Corporation's business, results of operations, financial condition and prospects would be materially adversely affected. It is also important to note that local and city ordinances may strictly limit and/or restrict cannabis businesses in a manner that will make it extremely difficult or impossible to transact business that is necessary for the continued

operation of the cannabis industry, including the Corporation. Federal actions against individuals or entities engaged in the cannabis industry or a repeal of applicable cannabis related legislation could adversely affect the Corporation and its business, results of operations, financial condition and prospects.

The medical and adult-use cannabis industries are in their infancy and the Corporation anticipates that the current California regulations will be subject to change as California's regulation of the cannabis industry matures. The Corporation's compliance program emphasizes security and inventory control to ensure strict monitoring of cannabis and other inventory from cultivation to sale or disposal. Additionally, Indus has created standard operating procedures that include descriptions and instructions for monitoring inventory at all stages of cultivation, processing, manufacturing, distribution, transportation and delivery. The Corporation will continue to monitor compliance on an ongoing basis in accordance with its compliance program, standard operating procedures, and any changes to applicable regulation.

Overall, the medical and adult-use cannabis industry is subject to significant regulatory change at each of the local, state and federal level. The inability of the Corporation to respond to the changing regulatory landscape may cause it to be unsuccessful in capturing significant market share and could otherwise harm its business, results of operations, financial condition or prospects.

The Cannabis Industry is a New Industry and may not Succeed

Should the U.S. federal government change course and decide to prosecute those dealing in medical or adult-use cannabis under applicable law, there may not be any market for Indus' products. It is a new industry subject to extensive regulation, and there can be no assurance that it will grow, flourish or continue to the extent necessary to permit Indus to succeed. Indus is treating the cannabis industry as a deregulating industry with significant unsatisfied demand for its products and services and may adjust its future operations, product mix and market strategy as the industry develops and matures.

Investors Could Be Disqualified From Ownership in the Corporation

The Corporation's business is in a highly regulated industry in which many states have enacted extensive rules for ownership of a participant company. Investors in the Corporation could become disqualified from having an ownership stake in the Corporation under relevant laws and regulations of applicable state and/or local regulators, if the applicable owner is convicted of a certain type of felony or fails to meet the requirements for owning equity in a company like the Corporation.

Public Opinion and Perception

Government policy changes or public opinion may result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. The Corporation believes the medical and adult-use cannabis industry is highly dependent on consumer perception regarding the safety and efficacy of such cannabis. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Public opinion and support for medical and adult-use cannabis has traditionally been inconsistent and varied from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical cannabis as opposed to legalization in general). A negative shift in the public's perception of cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical and/or adult-use cannabis, or could result in adverse regulatory changes in California, thereby limiting the Corporation's growth prospects and number of new state jurisdictions into which the Corporation could expand. Any inability to fully implement the Corporation's expansion strategy may have a material adverse effect on its business, results of operations or prospects.

General Regulatory Risks; Risks Related to Licensure

The Corporation's business is subject to a variety of laws, regulations and guidelines relating to the cultivation, manufacture, management, transportation, extraction, storage and disposal of cannabis, including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Achievement of the Corporation's business objectives are contingent, in part, upon compliance with applicable regulatory requirements

and obtaining all requisite regulatory approvals. Changes to such laws, regulations and guidelines due to matters beyond the control of the Corporation may cause adverse effects to the Corporation.

The Corporation will be required to obtain or renew government permits and licenses for its current and contemplated operations. Obtaining, amending or renewing the necessary governmental permits and licenses can be a time-consuming process involving numerous regulatory agencies, involving public hearings and costly undertakings on the Corporation's part. The duration and success of the Corporation's efforts to obtain, amend and renew permits and licenses will be contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Corporation may not be able to obtain, amend or renew permits or licenses that are necessary to its operations. Any unexpected delays or costs associated with the permitting and licensing process could impede the ongoing or proposed operations of the Corporation. To the extent permits or licenses are not obtained, amended or renewed, or are subsequently suspended or revoked, the Corporation may be curtailed or prohibited from proceeding with its ongoing operations or planned renovation, development and commercialization activities. Such curtailment or prohibition may result in a material adverse effect on the Corporation's business, financial condition, results of operations or prospects. California state licenses, and some local licenses, are renewed annually. Each year, licensees are required to submit a renewal application per guidelines published by the BCC (for state licenses) or the applicable local regulatory body (for local licenses). While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, with respect to the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner and there are no material violations noted against the applicable license, the Corporation would expect to receive the applicable renewed license in the ordinary course of business. Under MAUCRSA, after January 1, 2018, only license holders are permitted to engage in commercial cannabis activities. A prerequisite to obtaining a California state license is obtaining a valid license, permit or authorization from a local municipality. The process associated with acquiring a permanent state license is onerous and there are no assurances that the Corporation, or any subsidiary or entity to which the Corporation will provide or intends to provide services, will be granted any licenses or any renewals thereof. Because there are different licenses for different types of commercial cannabis activities, even if the Corporation, any subsidiary and/or any such entity to which the Corporation will provide services or intends to provide services is granted one or more licenses, there are no assurances that they will be granted all of the licenses they will need to effectuate the Corporation's business plan. Further, as part of the permitting and licensing process in California, state and local officials may conduct both random and scheduled inspections of cannabis operations. The Corporation is required to comply with both state laws and regulations and applicable local ordinances and codes. Compliance with both state and local laws may be burdensome and failure to do so could result in the loss of licenses, civil penalties and possibly criminal prosecution. While the compliance controls of Indus have been developed to mitigate the risk of any material violations of any license it holds arising, there is no assurance that the Corporation's licenses will be renewed by each applicable regulatory authority in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process for any of the licenses held or to be held by the Corporation could impede the ongoing or planned operations of the Corporation and have a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

The Corporation 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 Corporation's reputation, require the Corporation to take, or refrain from taking, actions that could harm its operations or require the Corporation 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 Corporation's business, financial condition, results of operations or prospects.

Reclassification of Cannabis in the United States

If marijuana is re-categorized as a Schedule II or lower controlled substance, the ability to conduct research on the medical benefits of cannabis would most likely be improved; however, if cannabis is re-categorized as a Schedule II or other controlled substance, and the resulting re-classification would result in the requirement for U.S. FDA approval if medical claims are made for the Corporation's products such as medical cannabis, then as a result, such products may be subject to a significant degree of regulation by the U.S. FDA and DEA. In that case, the Corporation may be required to be registered (licensed) to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Obtaining the necessary registrations may result in delay of the cultivation, manufacturing or distribution of the Corporation's anticipated products. The DEA conducts periodic inspections of certain registered establishments that handle controlled

substances. Failure to maintain compliance could have a material adverse effect on the Corporation's business, financial condition and results of operations. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings. Furthermore, if the U.S. FDA, DEA, or any other regulatory authority determines that the Corporation's products may have potential for abuse, it may require the Corporation to generate more clinical or other data than the Corporation currently anticipates in order to establish whether or to what extent the substance has an abuse potential, which could increase the cost and/or delay the launch of that product.

Service Providers

As a result of any adverse change to the approach in enforcement of United States cannabis laws, adverse regulatory or political change, additional scrutiny by regulatory authorities, adverse change in public perception in respect of the consumption of marijuana or otherwise, third party service providers to the Corporation could suspend or withdraw their services, which may have a material adverse effect on the Corporation's business, revenues, operating results, financial condition or prospects.

Enforceability of Contracts

Due to the nature of the Corporation's business and the fact that its contracts involve cannabis and other activities that are not legal under U.S. federal law, the Corporation may face difficulties in enforcing its contracts in federal and certain state courts. The inability to enforce any of the Corporation's contracts could have a material adverse effect on the Corporation's business, operating results, financial condition or prospects. California enacted a law that provides that notwithstanding any other law, commercial activity relating to medicinal cannabis or adult-use cannabis conducted in compliance with California law and any applicable local standards, requirements, and regulations shall be deemed to be all of the following: (1) a lawful object of a contract, (2) not contrary to, an express provision of law, any policy of express law, or good morals, and (3) not against public policy.

Lack of Access to U.S. Bankruptcy Protections

Because cannabis is illegal under U.S. federal law, to date, no U.S. federal courts have permitted marijuana-related businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If Indus were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to Indus' United States operations, which could have a material adverse effect on the business, capital, financial condition and prospects of Indus and on the rights of lenders to and securityholders of Indus.

COVID-19 Risks

The novel coronavirus commonly referred to as "COVID-19" was identified in December 2019 in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, and on March 11, 2020, the spread of COVID-19 was declared a pandemic by the World Health Organization. On March 13, 2020, the spread of COVID-19 was declared a national emergency by President Donald Trump. The outbreak has spread throughout Europe, the Middle East and North America, causing companies and various international jurisdictions to impose restrictions such as quarantines, 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.

The rapid development of the COVID-19 pandemic and the measures being taken by governments and private parties to respond to it are extremely fluid. While the Corporation has continuously sought to assess the potential impact of the pandemic on its financial condition and operating results, any assessment is subject to extreme uncertainty as to probability, severity and duration. The Corporation has attempted to assess the impact of the pandemic by identifying risks in the following principle areas.

- Price Volatility. The COVID-19 outbreak, and the response of governmental authorities to try to limit it, are having a significant impact on the securities markets in the U.S. and Canada. Since the COVID-19 outbreak commenced, the securities markets in the U.S. and Canada have experienced a high level of price and volume volatility and wide fluctuations in the market prices of securities of many companies, which have not necessarily been related to the operating performance, underlying asset values or prospects of such

companies. The speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration may adversely impact the price of the Subordinate Voting Shares.

- Mandatory Closure. In response to the pandemic, many states and localities have implemented mandatory closure of business to prevent spread of COVID-19. In California, the Corporation's business has been deemed an "essential service", permitting the Corporation to stay open despite the mandatory closure of non-essential businesses. The Corporation continues to work closely with state and local regulators to remain operational, but there is no guarantee further measures may nevertheless require it to shut operations.

- Customer Impact. While the Corporation has not experienced an overall downturn in demand for its products in connection with the pandemic, if its customers become ill with COVID-19, are forced to quarantine, decide to self-quarantine or not to visit distribution points to observe "social distancing", it may have material negative impact on demand for its products while the pandemic continues. Certain of the Corporation's customers have also altered operating procedures as a result of the outbreak and the impact of such changes is being monitored by the Corporation.

- Supply Chain Disruption. The Corporation relies on third party suppliers for equipment and services to produce its products and keep its operations going. If its suppliers are unable to continue operating due to mandatory closures or other effects of the pandemic, it may negatively impact its own ability to continue operating. At this time, the Corporation has not experienced any failure to secure critical supplies or services. However, disruptions in our supply chain may affect our ability to continue certain aspects of the Corporation's operations or may significantly increase the cost of operating its business and significantly reduce its margins.

- Staffing Disruption. The Corporation is, for the time being, implementing among its staff where feasible "social distancing" measures recommended by such bodies as the Center of Disease Control, the Presidential Administration, as well as state and local governments. The Corporation has cancelled non-essential travel by employees, implemented remote meetings where possible, and permitted all staff who can work remotely to do so. For those whose duties require them to work on-site, measures have been implemented to reduce infection risk, mandating additional cleaning of workspaces and hand disinfection, providing masks and gloves to certain personnel. Nevertheless, despite such measures, the Corporation may find it difficult to ensure that its operations remain staffed due to employees falling ill with COVID-19, becoming subject to quarantine, or deciding not to come to come to work on their own volition to avoid infection. At certain locations, the Corporation has experienced increased absenteeism due to the pandemic. If such absenteeism increases, the Corporation may not be able, including through replacement and temporary staff, to continue to operate in some or all locations. In addition, the Corporation may incur increased medical costs/insurance premiums as a result of these health risks to its personnel.

- Regulatory Backlog. Regulatory authorities, including those that oversee the cannabis industry on the state level, are heavily occupied with their response to the pandemic. These regulators as well as other executive and legislative bodies in California may not be able to provide the level of support and attention to day-to-day regulatory functions as well as to needed regulatory development and reform that they would otherwise have provided. Such regulatory backlog may materially hinder the development of the Corporation's business by delaying such activities as product launches, facility openings and approval of any future business acquisitions, thus materially impeding development of its business.

The Corporation is actively addressing the risk to business continuity represented by each of the above factors through the implementation of a broad range of measures throughout its structure and is re-assessing its response to the COVID-19 pandemic on an ongoing basis. The above risks individually or collectively may have a material impact on the Corporation's ability to generate revenue. Implementing measures to remediate the risks identified above may materially increase our costs of doing business, reduce our margins and potentially result in or increase losses. While the Corporation is not currently in financial distress, if the Corporation's financial situation materially deteriorates as a result of the impact of the pandemic, the Corporation could eventually be unable to meet its obligations to third parties, which in turn could lead to insolvency and bankruptcy of the Corporation.

The regional stay home order, announced by the California Department of Public Health on December 3, 2020, as supplemented by an additional order executed on December 6, 2020, was issued to apply across California on a regional basis in respect of certain designated regions. It is required to go into effect in respect of a particular region

at 11:59 p.m. the day after such region has been announced to have less than 15% ICU availability. Among other implications in the event this order becomes effective in respect of a region:

- private gatherings of any size are prohibited in such region,
- all individuals living in such region are required to stay home except as necessary to conduct activities associated with the operation, maintenance, or usage of critical infrastructure, as required by law, or as specifically permitted by this order,
- indoor and outdoor restaurant dining, personal care services and indoor recreational facilities are required to close in such region,
- critical infrastructure sectors may operate in such region and must continue to modify operations pursuant to the applicable sector guidance, and
- all retailers in such region may operate indoors at no more than 20% capacity and must follow the public health guidance for retailers.

Apart from the conditions under which this stay home order is required to be followed, California state counties may exercise discretion to apply this order voluntarily.

The Corporation's cultivation, manufacturing and distribution facilities are located in the Bay Area Region, which is not currently subject to this stay home order due to ICU availability in the region being above the 15% limit. Notwithstanding this, the Corporation's cultivation, manufacturing and distribution operations and the Corporation's various suppliers of raw materials or inputs are considered to be a part of the essential infrastructure sectors and as such do not require a reduction in their scope or amount of activity. The end purchasers of products distributed by the Corporation, being cannabis retail dispensaries located across California, may be or become subject to this stay home order. They would nonetheless be able to continue to operate curbside pick-up and delivery services and potentially limited capacity indoor operations in order to effect the sale of their products, as they too are considered essential businesses. Nonetheless, the impact of this stay home order may be to lessen the demand for the Company's products. The extent to which this stay home order may impact the Corporation's business, financial position, results of operations and cash flows is highly uncertain and cannot be quantified at this time. The Corporation will continue to monitor the impact of this stay home order and take measures that alter its business operations as may be required by federal, state or local authorities and/or that the Corporation deems are in the best interests of its employees, customers, suppliers, shareholders and other stakeholders.

Wildfire Risks

Certain areas of California, including certain areas nearby the Corporation's cultivation facility in Monterey County, can be negatively impacted by wildfires. Wildfires can cause smoke and ash to pass through greenhouse vents and cause cannabis plants to fail testing. As a result, the Corporation will close the greenhouse vents when needed to prohibit smoke and ash from entering the greenhouses at its cultivation facility. However, closing the greenhouse vents may cause elevated temperatures within the greenhouses and as a result induced plant stress, thereby negatively affecting plant yields. Wildfires can also cause essential sunlight to be blocked out, thereby negatively affecting plant yields in another manner. Overall, such wildfires can materially disrupt the Corporation's ability to harvest cannabis crops, significantly diminishing both the size and quality of the crops harvested, the Corporation's supply chain, and other operations and as a result can negatively impact the Corporation's business, financial position, results of operations and cash flows. Wildfires that occurred in late summer, early fall 2020 negatively impacted the Corporation's business, financial position, results of operations and cash flows during the third quarter of 2020 and are expected to continue to have a negative impact for the fourth quarter of 2020 and potentially beyond as the Corporation completes its production from cannabis crops that were impacted by such wildfires that occurred earlier this year. In the fourth quarter of 2020, the Corporation installed automated environmental control systems within individual grow rooms at its cultivation facility. While the Corporation believes that the addition of such systems should mitigate future negative effects of wildfires that may occur nearby the Corporation's cultivation facility, there is no guarantee that such negative effects would in fact be mitigated. The extent to which any such future wildfires or any other natural disaster impacts the Corporation's results will depend on future developments, which are highly uncertain and cannot be predicted.

Risks Related to the Securities of the Corporation

Unpredictability Caused by the Corporation's Capital Structure

Although other Canadian-listed companies have dual class or multiple voting and exchangeable share structures, given the other unique features of the capital structure of the Corporation, including the existence of a significant amount of redeemable equity securities that have been issued by, and are issuable pursuant to the exercise, conversion or exchange of the applicable convertible and exchangeable securities of, Indus Holding Company, which equity securities are redeemable from time to time for Subordinate Voting Shares in accordance with their terms, the Corporation is not able to predict whether this structure will result in a lower trading price for or greater fluctuations in the trading price of the Subordinate Voting Shares or will result in adverse publicity to the Corporation or other adverse consequences.

There is No Market for the Securities

Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, Subscription Receipts, Warrants and Units will not be listed on any securities exchange. Unless otherwise specified in the applicable Prospectus Supplement, there is no market through which the Securities, other than the Subordinate Voting Shares, may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus and any applicable Prospectus Supplement. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities, and the extent of issuer regulation.

Dilution from Further Financings

The Corporation may need to raise additional financing in the future through the issuance of additional equity securities or convertible debt securities. If the Corporation raises additional funding by issuing additional equity securities or convertible debt securities, such financings may substantially dilute the interests of shareholders of the Corporation and reduce the value of their investment and the value of the Corporation's securities.

Active Liquid Market for Subordinate Voting Shares

There may not be an active, liquid market for the Subordinate Voting Shares. There is no guarantee that an active trading market for the Subordinate Voting Shares will be maintained on the CSE. Investors may not be able to sell their Subordinate Voting Shares quickly or at the latest market price if trading in the Subordinate Voting Shares is not active.

Discretion in the Use of Proceeds

Management will have broad discretion concerning the use of the net proceeds from the offering of any Securities, as well as the timing of their expenditures. Depending on various factors, the intended use of net proceeds from the offering of any Securities may change. As a result, an investor will be relying on the judgment of management for the application of the net proceeds from the offering of any Securities. Management may use the net proceeds from the offering of any Securities in ways that an investor may not consider desirable if they believe it would be in the best interests of the Corporation to do so. The results and the effectiveness of the application of proceeds from an offering of any Securities are uncertain. If the proceeds are not applied effectively, the Corporation's business, financial condition, results of operations or prospects may suffer.

Negative Operating Cash Flows

The Corporation had negative operating cash flows for the year ended December 31, 2019 and for the nine months ended September 30, 2020. While the Corporation realized positive operating cash flows for the three months ended September 30, 2020, the Corporation may incur negative operating cash flows in the future. As a result, the Corporation may need to allocate a portion of its existing working capital or a portion of the proceeds of any offering of Securities to fund any such negative operating cash flow in future periods.

LEGAL MATTERS

Unless otherwise specified in the Prospectus Supplement relating to an offering of Securities, certain legal matters relating to the offering of Securities will be passed upon on behalf of the Corporation by Cassels Brock & Blackwell LLP with respect to matters of Canadian law. As of the date hereof, Cassels Brock & Blackwell LLP, and its partners

and associates, beneficially own, directly or indirectly, as a group, less than 1% of any class of outstanding securities of the Corporation.

AUDITORS, TRANSFER AGENT AND REGISTRAR

GreenGrowth CPAs is the auditor of the Corporation and has confirmed that it is independent with respect to the Corporation in accordance with the rules of professional conduct that are relevant to its audit of the Corporation's consolidated financial statements.

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

PURCHASERS' STATUTORY RIGHTS

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

Original purchasers of Securities which are convertible, exchangeable or exercisable for other securities of the Corporation (unless the Securities are reasonably regarded by the Corporation as incidental to the applicable offering as a whole) will have a contractual right of rescission against the Corporation in respect of the conversion, exchange or exercise of such Securities. The contractual right of rescission will be further described in any applicable Prospectus Supplement, but will, in general, entitle such original purchasers to receive, upon surrender of the underlying securities, the amount paid for the applicable convertible, exchangeable or exercisable Securities (and any additional amount paid upon conversion, exchange or exercise) in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers under section 130 of the *Securities Act* (Ontario) or otherwise at law.

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

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

The directors, chief executive officer and chief financial officer of the Corporation, being George Allen, Mark Ainsworth, Brian Shure, Stephanie Harkness, William Anton, Kevin McGrath and Bruce Gates, reside outside of Canada and each has appointed Cassels Brock & Blackwell LLP, Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8, as his or her agent for service of process in Canada. GreenGrowth CPAs, the auditor of the Corporation, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, even if the party has appointed an agent for service of process.

CERTIFICATE OF THE CORPORATION

Dated: December 11, 2020

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

(Signed) MARK AINSWORTH
Chief Executive Officer

(Signed) BRIAN SHURE
Chief Financial Officer

On behalf of the Board of Directors

(Signed) GEORGE ALLEN
Chairman and Director

(Signed) WILLIAM ANTON
Director